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Tel Aviv stocks plunge by 10 percent

Shohat: I hope the market will stabilize soon

JOSE ROSENFELD
RACHEL NEIMAN
and GALT LIPKIS BECK

TASE stocks plunged by 10 percent yesterday as shareholders - stung by the new capital gains tax - rushed to sell.

The exchange had been shut since trading ended last Tuesday, when the government announced plans for a 10% tax on stock sale profits as part of a wider package aimed at fighting inflation. The tax is to take effect on January 1.

Ninety minutes into what many predicted would be "Black Sunday," the government backtracked on the capital gains tax, modifying it so profits could be offset against losses.

Even though the 10% plunge was substantial, the results were less drastic than expected. Trading on the Two-Sided Index dropped 9.93% to 165.18 and 9.66% to 165.87 on the Maof Index.

Turnover on the Meretz and Two-Sided markets (not including the Karam) was NIS 395 million.

"I hope that within several days we will stabilize at a reasonable level that reflects the operations and quality of the listed companies," Finance Minister Avraham Shohat said.

Early morning trading on the Meretz was marked with uncertainty but by mid-afternoon rates had stabilized to declines of approximately 15%. In the afternoon, prices on the Two-Sided market showed losses of 11% and 10% by the end of trading.

An excess of selling orders of some NIS 2 billion was registered, some NIS 1.1 billion on the Meretz and some NIS 900 million on the Karam.

The TASE operated differently than on ordinary days, with unlimited price fluctuations on trading and price limits set solely by buyers and sellers. Tomorrow's trading will return to the standard 10% fluctuation rate.



A TASE broker looks frantic during the day's proceedings at the exchange.

TASE players struggle through the day

RACHEL NEIMAN

ing will return to the standard 10% fluctuation rate.

No rises in shares were reported. Least affected were bonds, with NIS 450m. in trading turnover. Short-term bonds were purchased mainly by the banks and traded at a loss of 0.5%. Mid- and long-term bonds traded at a loss of 2%-2.5%.

Mutual funds showed redemptions of some NIS 1b., due to small investors who felt they had no choice but to pull out of the market.

Bankers and brokers yesterday expressed mixed forecasts on the direction of the TASE this week, claiming the trend is largely dependent on the government's consolidation of its reform plan.

Ze'ev Holtzman, president of (Continued on Page 2)

THE Tel Aviv sun beat down on empty tables in the cafes adjoining the Stock Exchange yesterday morning.

The usual early morning sight of young wheeler-dealers - double espresso in one hand, a cellular phone in the other - was noticeably absent. After two days of non-trading, TASE members were more than ready to take a deep breath and plunge into icy, unknown waters.

Members of the press, with the exception of an Army Radio crew, were not allowed inside until trading had begun. The Likud used the opportunity to mount a short-lived picket line protesting the new tax, but once the press was let in, the protesters dispersed.

The anteroom leading to the trading floors was thick with tension and cigarette smoke. "So what do you think," one man nervously

joked, "is everything falling apart?"

"What a day," sighed one woman to another as they crossed paths in a doorway.

"A mess," commented another young man.

Barracks humor was the best way to deal with what was a campaign of sorts - the common goal was to make sure that trading remained reasonable, with the hope things would not fall apart.

The first and second rounds of trading were held at fever pitch. "Friends," one trading supervisor warned after a particularly confusing exchange, "trading is as usual. Don't make me mad."

Young traders pushed to reach their microphones, eyes aloft, watching the

trading screens. The sight of a friendly face from the outside world aroused spontaneous human reaction: a hug, a pat or a comradely slap on the shoulder, and relief at the sight of spreadsheets from the home office.

In the end, things did not fall apart. The usual high sound levels of dealers shouting out bids doubled under the strain, but not the bidding itself. Exhaustion set in during the third round of trading and the atmosphere grew somewhat more relaxed. Some traders tentatively made their way out to grab a bite to eat, girding themselves for what promised to be many long hours of work.

"Will this day ever end?" asked one woman as she passed the entrance guard. "My day will end as usual," he answered. "Well," she said ruefully, "I'm not so sure about ours."

It could have been much worse

COMMENT
NEIL COHEN

TEN percent is certainly a pretty hefty fall, the heaviest drop in most observers' memory. But the market did not collapse.

After the early pummeling the market refused to fall further and even stabilized at the end of trading. That, of course, is no guarantee that the market will not continue to fall today but the smart money was in there picking up Maof and Mishtanim stocks yesterday. Dealers said the Karam stocks probably still had further to fall today.

Let us put one myth to rest. Respected commentators in various Hebrew papers wrote at the weekend that since the effective tax rate, as revealed by Treasury officials in their press conference on Thursday, was 18% that was the amount by which the market ought to fall, from a mathematical standpoint. With calculations like that they would need the bagrut "upgrade" announced yesterday for the mathematics examination in a big way. As we wrote on Friday, mathematically an investor would look for the market to compensate for the new tax by falling by 1% for each 10% of real annual growth he was anticipating. Sooner or later people will figure this out. Dealers were talking of the Maof and Mishtanim getting back to 180 by the end of the year and that sounds reasonable.

What is heartening is that the government seems willing to admit that the plan was rushed out by a small group of people and that it was far from flawless. While numbers bigger than the 10% initially proposed will frighten some people, a 20% or even 30% tax on real profits, after offsetting losses, would leave the investor better off than paying 10% without offset. Obviously someone who only picks winners will suffer but overall a higher rate with offset must be fairer than a situation where you can lose money overall and still have to pay tax. In the UK investors pay 40% and in the US 38% and people don't seem to complain.

What is important, though, is that the government correct these flaws and present the final version of the plan quickly, since any degree of uncertainty will unsettle investors and do further damage to the government's credibility. Public opinion has worked, and quickly, so far. There is no reason why more pressure should not be brought to bear to make this new tax a really fair and effective one.

Palestinian Police imposes curfew on Rafiah refugee camp after clashes

JON IMMANUEL

PALESTINIAN Police imposed a curfew on Gaza's Rafiah refugee camp yesterday, following the killing of a youth on Saturday night that unleashed clashes in which five people were wounded by police gunfire.

It was the first curfew imposed by the police since taking over from the IDF.

The fatal incident occurred when undercover police of the "Preventive Security Forces," former members of the Fatah Hawks, spotted a group of youths they thought were harassing young women on Saturday night. They tried to arrest the youths who resisted.

Mussa Abu Samhadana, the commander of the police patrol, opened fire, killing 17-year-old Salah Shayer and wounding another youth, Jalal Kishreh, 21, in the leg.

The young women turned out to be relatives of the youths who had just attended a wedding with them and may have been drinking or smoking hashish.

It was the first time a Palestinian policeman had

shot dead a Palestinian since self-rule began in May. One other Palestinian died under interrogation as a suspected informer.

Relatives of Shayer and Kishreh vowed revenge and an armed group went to the Shabura neighborhood in the camp yesterday to try to attack members of the Abu Samhadana family. Police arrived on the scene. There was an exchange of fire and five people were wounded by bullets, Palestinian sources there said.

The Abu Samhadanas are one of the largest armed families in the Rafiah area, closely connected to the Fatah Hawks. The current Fatah Hawk commander is Yasser Abu Samhadana and another member of the family once shot dead a suspected informer on camera in the middle of the street before fleeing to Egypt. The security police accepted 70 members of the Fatah Hawks into the police force two months ago after ordering them to give up their weapons or join the security forces.

Fatah: No change in Covenant until Israel recognizes Palestinian state

JON IMMANUEL
and news agencies

FATAH's Central Committee in Tunis has decided that the Palestinian Covenant calling for the destruction of Israel won't be changed until Israel recognizes a Palestinian state, a leading Fatah member told Reuters yesterday.

Abu Nizar, a member of Fatah's Central Committee, said the decision was taken on Saturday night at a meeting chaired by PLO leader Yasser Arafat. Nabil Shaath and Faisal Hussein also reportedly attended the meeting.

Sakhar Habash told AP that no formal vote was taken, but he agreed the convening of the Palestine National Council should wait until Palestinians are in control of all the territories.

"If Israel does not recognize the establishment of a Palestinian state with East Jerusalem as [its] capital, there would not be any decision to cancel the clauses of the charter calling for the liberation of Palestine," Abu Nizar said.

If Abu Nizar is correct, the demand would be a violation of the Oslo accords, since Palestinian statehood is an issue which is not to be discussed until final talks, while the PLO is committed to change its Covenant as soon as possible.

At a meeting with Foreign Minister Shimon Peres and Norwegian

Foreign Minister Bjorn Godeal on Friday in Gaza, Arafat said Israel prevented members of the PNC from reaching Gaza, and he warned that he could not guarantee the outcome of a PNC vote.

There should be no meeting of the Palestine National Council before the Palestinian [National] Authority takes full control over all the occupied territories," Habash, another member of the central committee told AP.

Any amendment to the Covenant must be endorsed by two-thirds of the council's 480 members, and it is doubtful that such a high vote in favor of change could be reached with the current membership of the PNC.

Opposition factions have a relatively high representation, and many Fatah members oppose changing the Covenant.

The Palestinians are not doing Israel a favor by amending their national Covenant, but would do themselves one if they change it, said Peres yesterday.

"We have no agreement with the secretary-general of the PNC," Peres said, speaking at the inauguration of a new class of For-

IDF arrests aide to PLO security chief

ALON PINKAS

THE IDF yesterday apprehended Ibrahim Jazbara, a Fatah member close to Jibril Rajoub, the head of the Palestinian security services in Judea and Samaria, on grounds of carrying arms and violating the Israel-PLO agreement.

Jazbara, from Jabal el-Dahar, was arrested in Jenin, and a pistol was found when his car was searched. He is described by army sources as an insignificant player, but was repeatedly rumored to have been carrying guns in violation of the agreement.

The sources said Jazbara is an aide to Rajoub, who is one senior officer put it, "is behaving like a gangster who thinks he owns the town and is terrorizing people."

The army has been critical of Rajoub for some time, and expressed reservations over his conduct to PLO leaders in Gaza through Israeli negotiators and liaison officers.

34 injured as bus slams into tractor on TA-J'lem highway

HERB KEINON

SOME 34 people were injured, four seriously, when an Egged 415 bus from Jerusalem to Beit Shemesh collided last night with a tractor doing road work near the Sha'ar Hagai Junction on the Jerusalem-Tel Aviv highway.

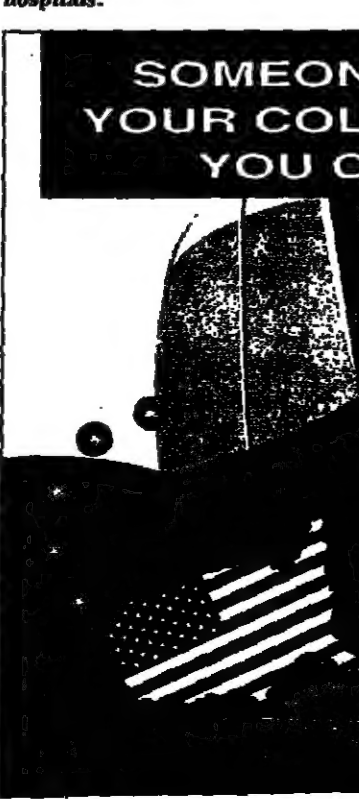
Numerous ambulances from Jerusalem and the Coastal Plain rushed to the scene and evacuated most of the injured to hospitals in Jerusalem. The four seriously injured were taken to Assaf Harofeh Hospital at Tzrifin.

Jerusalem police chief Cmdr. Arye Amit, who rushed to the scene of the accident, said it was a "miracle" that the bus did not overturn, causing even more injuries.

Amit told Israel Radio that it appeared from first reports that the tractor driver, doing work for the Public Works Department, was working without lights. The tractor driver suffered serious head injuries, while the bus driver escaped with only light injuries.

The Jerusalem-Tel Aviv highway was closed to traffic for about an hour, creating a huge traffic jam that made it difficult

for emergency vehicles to get to the scene of the accident. A few of the lightly injured were taken in private vehicles to Jerusalem hospitals.



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the Libi Fund
Libi Fund met this week to balance sheet for 1993. The Libi Fund, established in 1988, is a non-profit organization that provides financial support for the purchase of modern medical equipment and for various other projects in the field of health care in Israel.

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Likud forces Knesset debate on stock exchange tax

THE Likud has collected the necessary 30 signatures to force a special Knesset debate on the stock exchange tax during the summer recess, faction chairman Moshe Katsav said yesterday.

Katsav said all the signatories are Likud MKs, but that he expects other opposition factions to join the motion.

The debate will probably take place next week, Katsav said.

Katsav charged that the Treasury's proposed capital gains tax was so "unsystematic, unprofessional, and

poorly thought out" that even Likud MKs who favored the idea in principle could not support the plan.

The Likud has three main objections to the Treasury proposal, he said, with the first being its failure to allow losses to be offset against gains. However, this objection is already moot, since the cabinet yesterday unanimously voted to introduce an offset mechanism.

The second objection, Katsav said, is that the tax is being introduced too

quickly, thereby creating "panic among the public." Though the tax is not slated to take effect for another 4½ months, the lag time should be six months, he said.

Finally, Katsav said, the Likud believes that investors whose portfolios are worth less than NIS 50,000 should be exempt from the tax, so as not to discourage small investors.

However, such a provision would almost certainly create exactly what the Treasury wants most to avoid — a

filing requirement for small investors — since otherwise, it would have no way of knowing who is eligible for the exemption. Treasury officials say a filing requirement would probably discourage small investors more than a tax would.

Yesterday morning, some 40 Likud activists, headed by MK Tzahi Hanegbi, held a protest outside the Tel Aviv Stock Exchange. Hanegbi said the decision would bring instability to the economy and had caused a lack of trust in the government's economic leadership.

Settlers to IDF: Stop sending freed prisoners to Jericho

HERB KEINON

JORDAN Valley settlers yesterday called upon the IDF to stop sending freed Palestinian prisoners to Jericho, claiming the town is quickly becoming a refuge for convicted terrorists.

"Jordan Valley residents demand that the IDF immediately stop putting Palestinian prisoners in Jericho, and take out of the city those prisoners and terrorists who were placed there," Jordan Valley Settlements Committee head David Elhayani said yesterday in a letter to OC Central Command Maj.-Gen. Ilan Biran. The letter came two days after some 250 Palestinian prisoners, many of them killers of suspected collaborators, were released on condition they remain in Jericho.

Itim reported that a group of Palestinian prisoners succeeded in escaping from Jericho over the weekend after they were released from prisons on Friday and brought to the city.

Two of the escapees were captured by border policemen when they tried

to pass the Na'ama roadblock using forged ID cards. About 10 others got away and are believed to have gone back to their homes.

The released prisoners received "Jericho has always been a quiet city," Elhayani wrote. "What is absurd is that since the Cairo agreement, the city is not what it once was. Palestinian prisoners are brought to the city, there are bitter Palestinian police there, and in the middle are Israeli citizens (who drive through the town). This is not the situation we waited for."

Elhayani, referring to the failure of the government — despite numerous promises — to pave an acceptable bypass road around Jericho, said: "It is inconceivable to ask citizens to drive through the city that is turning into a detention center, and at the same time not to continue paving the Jericho bypass road."

Jordan Valley settlement leaders say they have been informed that plans to build a bypass road have been scuttled because of budgetary problems. At present, cars traveling around Jericho use a security road which is narrow, full of potholes and very poorly paved.

The Housing Ministry issued an announcement yesterday saying the Public Works Department is planning a continuation of the bypass road which is to replace the security road. A 4-kilometer stretch of road from the settlement of Na'ama to the security road is nearing completion, and the ministry said the next stage will be the construction of a 6-km. stretch that will replace part of the security road.

Housing Minister Binyamin Ben-Eliezer told the Knesset in May that the Jericho bypass road would likely be completed in "two or three months."

Jim contributed to this report.

Public takes market's fall in stride

ALLISON KAPLAN SOMMER

DESPITE the sharp drop in the stock market, the mood yesterday afternoon outside the commercial banks in downtown Tel Aviv couldn't be described as panicked.

Much of the subdued feeling was due to the weather — it was simply too hot to hover on the street around the bank screens, as investors traditionally do in times of stock market upheaval.

Inside the air conditioned investment sections of Bank Hapoalim, investment counselor Dani Mor said it had been a tense and busy day.

He said there was much withdraw-

al from the stock market, but there were also many people entering and picking up stocks at bargain prices, particularly toward the end of the day.

"I'm hearing a lot of worry over the telephone," he said. "This isn't like the slow descent we've seen at other points over the past year. This drop was a big 'boom.'"

By contrast, an investment counselor across the street at Bank Leumi said "it's been relatively quiet here.

Many of my clients are on vacation, but even taking that into consideration, I don't feel panic from the public. I think that most of the immediate action on the stock market is coming from the big investors and the private brokerage houses rather than the public at large, who are using the commercial services."

As Gabriel Kovacs walked out of the investment section of Bank Hapoalim he said "people are panicking, fearing a tax that's justifiable. In

my opinion, what's happening is a stupid overreaction."

Leon and Fanny Marco, who were in the bank checking their retirement fund, were also calm about the stock market gyrations. "It's a game," said Leon. "Today it went down, tomorrow it will go down, who knows what's going to happen next week?"

But Shula Peterfreund, another bank customer and the proprietor of the Salomea jewelry store in the Opera Tower, was concerned, not only over her own investments, but how it would affect the spending mood of her customers.

Palestinians to control education by end of month

JON IMMANUEL

THE seventh round of talks on early empowerment begins in Cairo today and is likely to end with an agreement to transfer full control over their education to Palestinians by the end of the month.

The main stumbling block is the lack of financing for the administration of health, social welfare, tourism and education outside Gaza and Jericho. A financing system has not yet been established even inside the Palestinian Authority and running costs there and in the areas of "early empowerment" are expected to be hundreds of millions of dollars a year.

Coordinator of Government Activities in the Territories Maj.-Gen. Danny Rothchild, heading the Israeli delegation, said on Israel Radio yesterday control over education could

be transferred because it is relatively inexpensive compared with the other spheres. If the civil administration continues to pay salaries for a month or two, the costs will be deducted from monies owed by Israel to the Palestinian Authority, he said.

Another reason the education system can be transferred to Palestinian control is the Palestinian decision not to change the school curriculum for several months or up to a year, to avoid offending Jordan under whose curriculum Palestinians outside Gaza study, Rothchild said.

The safe passages from Gaza to Jericho which were to have opened today remain restricted because of disagreement between Israel and the Palestinian Authority over carrying firearms from Gaza to Jericho.

4-year-old boy stabbed in Liberty Bell Park

HERB KEINON

FOUR-YEAR-OLD Kory Roar, stabbed yesterday afternoon while playing in Jerusalem's Liberty Bell Park, was in satisfactory condition at Hadassah-University Hospital in Ein Karem last night after undergoing surgery.

According to Jerusalem police spokesman Shmuel Ben-Ruby, the boy was stabbed on his right side in the park, and taken by his caretaker to

his home in Yemin Moshe. His mother then called an ambulance and he was brought to the hospital, where he was operated on and then placed in the children's intensive care unit.

A hospital spokesman said the boy was stabbed in the ribs. Ben-Ruby said police were uncertain as to how the stabbing occurred, and they hoped the boy could give more information.

Settlers fold 'tent city' opposite PM's Office

HERB KEINON

THE "tent city" that settlers set up near the Prime Minister's Office three months ago to protest the government's diplomatic moves came down yesterday, after the number of people willing to camp there for three to seven days at a time dwindled from a few hundred to a few dozen.

The "tent city" was set up at the end of May by Ma'ale Levaona residents protesting the murder of one of their neighbors, Margalit Ruth Shohat, killed with Kiyat Arba's Rafael

Yairi by terrorists near Hebron. Ya'akov Noglick, the head of the Ma'ale Levaona which was behind the three-month protest, said the "tent city fulfilled its function," and that now it was time to turn to other means of protest. He said that although the organizers of the protest failed to reach their goal of having 1,000 camp there at any one time, the "tent city" was a catalyst for anti-government demonstrations when Arafat arrived.

STOCKS

(Continued from Page 1) Giza Investment Banking, said the market may register a technical correction today, but the public's uncertainty may result in a continued drop in prices.

"People don't know what is going on," said Holtzman. "The issue of offsetting losses against gains remains unclear, [and] we don't know who it applies to and how much tax will be imposed. The public needs to calm down, but the government's declarations are making investors nervous."

"The government's plan is not consolidated and reflects unfamiliarity with the capital market," he added. "Instead of creating a situation of certainty, the government has created a state of panic and distrust."

Uzi Danino, deputy general manager of United Mizrahi Bank's securities division, agreed with Holtzman's criticism of the government, but predicted the market will continue to fall today.

"I don't expect a technical correction tomorrow [Monday]," said Danino. "If the market would have registered a 15% drop today, there would be reason to expect a technical correction. Since the market fell 10%, we can expect prices to continue to drop."

Yesterday morning, the cabinet approved Shohat's proposal to tax the

stock market, but responding to pressure from investors included the option allowing speculators to offset losses for tax purposes.

Shohat interpreted the cabinet's decision as a vote of confidence in his proposal. He said he had only intended to explain his proposal to his colleagues and was surprised that the cabinet was ready to adopt it unanimously.

However, Prime Minister Yitzhak Rabin called on the cabinet to adopt the 10% tax on capital gains with a requirement for the government to provide an option to offset losses. Shohat originally dismissed offsetting losses due to the bureaucratic red tape it would entail.

Treasury officials explained to cabinet members that it would be impossible to have a paperless tax offset option. Instead, investors will have to file tax returns to offset their stock market losses.

Shohat said the main taxation vehicle will be the straight 10% tax on capital gains taken at the source, which will not include any filing requirements from investors.

Should investors want to offset their losses, they will have to file returns for a determinate period of years and pay a higher tax on their gains to ensure stock market tax revenues remain at about NIS 500m. a year.

State Revenues Director Yoram Gabai said the straight 10% tax would translate into an 18% tax on profits. In terms of the amount of revenues the Treasury will extract from the new tax, Gabai said a rate for the optional offset route has yet to be determined.

Shohat is planning to send his proposed tax legislation to the Knesset before the budget legislation. He was unable to give a set date, since Treasury officials need to figure a way to implement the option to offset losses.

Likud Chairman Binyamin Netanyahu called on Rabin to freeze the proposed tax for a year to establish a committee of experts to rethink the issue. Shohat said the tax committee headed by Gabai last year and several other committees that preceded it had studied the issue and concluded there is a need to tax capital gains.

Netanyahu blamed Rabin and Shohat for yesterday's poor stock market performance, saying their "lack of credibility brought about the instability we witnessed today in the unprecedented drop in prices in the stock market."



Jordanian Prime Minister Abdul Salam Majali (left) greets Mohammed Zuhdi Nashashibi, Minister of Finance in the Palestinian National Authority in Gaza and Jericho yesterday as part of an effort to resolve differences between the two sides. (AP)

Jordanians host Palestinian delegation

JON IMMANUEL and news agencies

JORDANIAN and Palestinian delegates met in Amman yesterday to calm strained relations between the two sides.

Jordanian Prime Minister Abdul Salam al-Majali, who chaired the meeting, and Palestinian Authority Information Minister Yasser Abed-Rabbo, who led the Palestinian team, played down talk of deep rifts, Reuters reported.

The delegations set up three committees — political, economic cooperation, and administrative and security — to define bilateral items to be raised with Israel.

Other members of the Palestinian Authority at the talks included Education Minister Yasser Amr, Finance Minister Mohammed Nashashibi, Transport Minister Abdul Hafiz Ashaab and Justice Minister Freih Abu Medeen.

The Palestinians are concerned that Israel and Jordan are reaching bilateral agreements on issues that concern Palestinians without consulting them, particularly "the high priority" Israel has given Jordan's claims over Jerusalem's Islamic Holy sites.

Other issues are an Israeli-Jordanian agreement to allow \$30 million of Jordanian goods across the Allenby Bridge, which the PLO considers a violation of Palestinian economic autonomy.

Some Palestinians talk of exploiting Egyptian-Jordanian rivalry to import Egyptian goods and use Egyptian banks if Jordan continues to ignore the PLO.

Palestinians would also like to alter the Jordanian school curriculum to reflect greater Palestinian nationalism, but want to avoid Jordanian discrimination against Palestinian students applying for higher education in Jordan.

Majali said neither side discussed a possible visit to Jordan by PLO chairman Yasser Arafat. In what appeared to be a major setback for Arafat, the commander of the Amman-based Badr Brigade of the Palestine Liberation Army which has sent a thousand troops to Gaza, said he had been told by Arafat to dismiss troops still in Jordan on unpaid leave.

However, King Hussein has ordered Majali to pay the salaries and running costs of the force.

Arafat met yesterday in Alexandria with President Hosni Mubarak. No

statements were made after the meeting at Mubarak's summer residence. The talks focused on hitches in the Cairo accord, Egypt's Middle East New Agency said.

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Health funds must appoint internal comptrollers

JUDY SIEGEL

ALL the health funds will be required to appoint internal comptrollers and prepare public financial reports such as those produced by companies listed on the stock exchange.

These new regulations have been approved by Health Minister Ephraim Sneh, who accepted recommendations by a committee of experts relating to the National Health Insurance Law, due to go into effect in a few months.

Sneh, who sent the proposals to ministry legal experts for their final wording, said "implementation of the regulations will be a step up toward the quality of public supervision of the health funds and will bring about their improved functioning."

At present, most of the health funds prepare financial statements only for their boards of directors. Under the new rules, all health fund members may receive at their request the financial statements of the insurers and of their subsidiaries. An external accountant will be appointed

by the health fund's council annually, which will supervise the reports.

In addition, the insurers will be required to publicize the salaries of their five most senior officers, to report any deals connected to vested interests in the health fund and to publish figures on membership.

The health funds will transfer all medical files of a member to another health fund if he chooses to leave. Reacting to the new regulations, Kupat Holim Chalit spokesman David Tagar said "it was about time" that the smaller health funds were required to give a public accounting of their activities.

The (debt-ridden) Hismadrut health fund has "for many years" had public supervision by the state comptroller, the Chalk comptroller and accounting firms. Its balance sheets are presented to the Treasury and the Hismadrut on a regular basis.

"The end has come to the smaller health funds being run as a private business," Tagar said.

Hadassah doctors back to work

JUDY SIEGEL

ABOUT 80 operations and hundreds of outpatient visits were canceled yesterday at the two Hadassah-University Hospitals, because of doctors' sanctions that are due to end at 7 a.m. today.

The 700 physicians, who functioned on a Shabbat schedule, did not reveal what further measures they intend to take. The sanctions at the Ein Karem and Mt. Scopus hospitals were called to protest a freeze on 28 job slots over the next two years. The doctors charge that failing to fill vacant positions will put more of a burden on the doctors who remain.

Hadassah Medical Organization president Dr. Samuel Pines said the sanctions were imposed because of the institution's current deficit of several million dollars.

He added that the sanctions were "illegal" — the recent Israeli Medical Association wage contract, which granted a 50 percent increase in net

pay, committed the doctors to "labor peace."

Pines added that Hadassah doctors have for years enjoyed better conditions than physicians in any other hospital, enjoying 15% more job slots for each unit. Therefore, reducing manpower by 23% over two years will "merely skim off some of the cream."

The other hospital workers will account for some 230 frozen positions in the two Jerusalem hospitals management said.

Although the HMO publicized the closing of clinics and diagnostic institutes, a number of patients who had not heard turned up yesterday and were told to go home.

Hadassah national president Deborah Kaplan, who received a message from the doctors, said she fully backed management, and that they would have to contribute to HMO's hoped-for return to financial stability.

No comment was available from the doctors' union yesterday.



A homeless man struggles with police and border policemen yesterday during a demonstration by some 30 members of the encampment of homeless people who have been living opposite the Prime Minister's Office in Jerusalem. The protesters held signs criticizing Prime Minister Yitzhak Rabin and Housing Minister Binyamin Ben-Eliezer, and said they have been receiving dozens of phone calls from families interested in joining their tent encampment, despite the poor sanitary conditions there. (Stein/Hanot)

New houses in Katzrin snapped up

DAVID RUDGE

MORE than 30 out of a total of 80 new homes put up for sale yesterday in Katzrin were purchased, despite continuing uncertainty over the future of the Golan Heights. "I have been very pleasantly surprised by the demand for the new houses and at this rate I expect the whole batch to be sold within the space of a few days," said Katzrin local council head Samy Bar-Lev.

He said the deeds of the homebuyers spoke louder than any politicians' words and proved that people saw themselves having a future on the Golan.

"People are buying homes in Katzrin because they want to live and work here and enjoy a better standard of living and not because they are

speculators. If anybody wants to speculate with his or her money they can do so on the bourse," said Bar-Lev.

The price tag of just NIS 160,000 for a 70 square meter ground-floor apartment with a garden and approved extension plans, might also have something to do with the demand.

The 80 houses put on sale yesterday were constructed by the Shikun Ufrah government housing company. They are part of a last batch of nearly 200 recently-completed new homes in Katzrin.

The small sales office at the new housing site was flooded with prospective buyers yesterday, some of whom had started to queue up from as early as 5 a.m.

One of the buyers, Ya'acov Abutoul from Kiryat Shmona, said he worked in the Golan and wanted to live close to his job, adding that he would barely be able to buy one room elsewhere in the country for the price of a new house in Katzrin.

Another purchaser said he had lived on the Golan and was buying a new place for his son so the latter could enjoy the lifestyle there. He maintained that all the talk of returning the region to Syria was just hot air.

Some 500 homes on another new housing site in the town have all been sold already and most are occupied.

British Airways cuts rates to US

HAIM SHAPIRO

BRITISH Airways has announced a drastic reduction in fares to celebrate its 75th anniversary, resulting in a round-trip ticket from Tel Aviv to New York for as low as \$727.

The reduced prices are all for round-trip flights originating in London, with some of the lowest fares within Europe. Thus the round-trip fare to Paris is \$259 (about NIS 270) and Rome, \$299 (NIS 460).

All the reduced fares must be purchased by the end of August and are for limited dates. Thus, the special prices to North and South America are for travel which begins after November 1 and is completed by December 10.

The bargain fare to New York is \$168 (NIS 780), to Los Angeles \$199 (NIS 921) and to Rio de Janeiro \$229 (NIS 1,060).

There is no special offer from Tel Aviv, according to NIS Dr. David Lapid, director of British Airways.

However, the current lowest round-trip fare to London is due to go down in November from \$528 to \$467. This price, combined with the bargain fare from London to New York, creates a round-trip fare of \$727 from Tel Aviv to the US.

Dr. Lapid could not say exactly how many seats, or what percentage of the total seats, would be available at the special bargain rates, but he said there were currently seats available on all flights to New York at the special prices.

El Al spokesman Nachman Klein said the company had no immediate intention of trying to match the British Airways prices. He said El Al has adopted a wait-and-see attitude.

MK forces Knesset session on violence against women

EVELYN GORDON

MK DALIA Itzik (Labor) said she has amassed the necessary 30 signatures to force a special Knesset session on violence against women during the summer recess.

Itzik said her effort was prompted by the recent upsurge in such violence, which has led to several women being murdered by their husbands. "By having a special session [on this subject], the Knesset will send the message to the public that this drama is occurring," she said.

Itzik said her goal is to persuade the legislature to set up a special forum of ministers and MKs devoted to findings ways of dealing with this problem.

Any solution must be interdisciplinary — dealing with legal, social and educational issues, she said.

One major problem is society's forgiving attitude toward wife-beaters, Itzik said. Even the battered wives themselves, she said, will often beg forgiveness for their husbands.

"But Israeli society cannot be silent [on this issue]," she said. "It is inconceivable that the stock market should occupy the whole country, while these poor women don't have a voice."

However, it seems probable that her motion will be thrown together with a debate about taxing stock market profits, since the Likud has bathed 30 signatures to force a special session on this subject.

It is unlikely that Speaker Shevah Weiss would choose to convene two separate special sessions.

Yeshiva principal remanded for five days

A JERUSALEM rabbi and head of a yeshiva principal, suspected of sexually assaulting, molesting and harassing his male pupils, was remanded for five days yesterday.

A police prosecutor told the court that the rabbi, Yehoshua Ben-Meir, had used his position to exploit pupils with social and personal problems, sexually assaulting them, sometimes violently, and harassing them.

The defense lawyer said Ben-Meir, 47, is an educator who uses unconventional methods with his pupils, including hugging and stroking, which are not sexual acts.

Tel Aviv Magistrate Court Judge Yehudit Shevah noted that although the investigation is only in its preliminary stages, there was enough evidence to establish suspicion of the suspect's guilt.

At the beginning of the hearing, Shevah turned down a defense request to hold the hearing behind closed doors, in light of the damage that could be caused to the rabbi, who is a public figure. (Itim)

Kibbutz drug smugglers released early from South African jail

DAVID RUDGE

TWO brothers convicted in South Africa of drug smuggling are now back on their kibbutz in the Galilee after serving less than a third of their sentences following the intervention of Kibbutz Prisoners' Rehabilitation program director Herut Lapid.

Yariv Levy, 26, and Doan Levy, 24, from Kibbutz Kfar Masaryk, were caught in South Africa last year with over 550 LSD tablets, which they claimed they had been asked by another Israeli to deliver to someone in South Africa.

The brothers were tried and convicted last September and each sentenced to three years in prison.

Lapid, whose rehabilitation program for prisoners within the framework of living and working on a kibbutz has won international acclaim, was asked by the family to

intervene. Lapid told The Jerusalem Post that he flew to South Africa earlier this year and met with the justice minister there.

"I said I would be prepared to take the brothers into my custody and admit them to the program and that I would be very happy to inform him of their progress," said Lapid.

"Last week they were deported from South Africa and were brought back to Israel under the escort of two South African policemen and handed into my custody," he said. "They are now working hard on their own kibbutz to pay back all the money spent on securing their release, including their lawyer's fees and my travel expenses."

Jerusalem clergyman in running for head of Armenian Orthodox Church

HAIM SHAPIRO

AT LEAST one Jerusalem clergyman is a serious contender to become the new world head of the Armenian Orthodox Church, according to local church sources.

Vazken I, catholicos of all Armenians, passed away on Wednesday, following a long illness. Armenian Patriarch Torkom Manoogian left for Armenia last week to attend Sunday's funeral and the subsequent election of a locum tenens, who is to act as temporary pope of the Armenian Church until a permanent successor is elected.

According to local church sources in Jerusalem, Manoogian has a good chance of being elected to temporary

fill the role of patriarch and also to be chosen as the permanent world head of the Armenian Church. His most serious competition could come from a lesser known churchman, who has an advantage because he lives in Armenia.

Another Jerusalem figure whose name has been mentioned as a possible successor to the catholicos is Archbishop Shabte Ajamian, who had held an elevated post in the Armenian Church in Jerusalem until he quarreled with the late patriarch, Yeshige Derderian several years ago. At that time, Ajamian was expelled from the

Brotherhood of St. James, which governs the Jerusalem church, but he has remained an influential figure in international Armenian Church affairs, especially in his role as the representative of Vazken I to the World Council of Churches in Geneva.

Meanwhile speculation has already begun in Jerusalem as to who would replace the present patriarch if he is elected to head the world church.

This week the Armenian community in Jerusalem has a special book in which those who wish to do so may inscribe condolence messages. Next Monday a requiem mass is to be held at St. James Armenian Cathedral in the Old City of Jerusalem.

Joint Israeli-Jordanian TV station proposed

LIAT COLLINS

A PROPOSAL to create a joint Israeli-Jordanian television arts station has been submitted to the relevant ministers and the head of the Israeli negotiating team by two members of the Israel Association of the Periodical Press.

The two, IAPP chairman Joseph Frankel and David Lavie, chair of IAPP's international relations committee, suggest establishing a channel

similar to Arte, the joint German-French station.

"One of the ways of drawing together the two countries which have suffered enmity for generations is to expose each of them to the other's culture. In the age of electronic media, it seems the most efficient means of doing this is via television, and

particularly by a television station jointly and simultaneously broadcasting programs in both countries which express the cultures of the two peoples," said Frankel and Lavie in the proposal.

Arte was founded in 1990 to broadcast arts programs in France and Germany, following the initiative of President Francois Mitterrand and Chancellor Helmut Kohl.

NEWS IN BRIEF

Scores raised on five-unit math bagrut exam

Pupils who took the five-unit bagrut mathematics examination this summer have all been awarded an extra six points, the Education Ministry announced yesterday.

An analysis of the results of the examination revealed that complaints by pupils and teachers that the test had been far more difficult than previous exams in the same category were justified and the marks were therefore upgraded.

However, complaints about the level of the exams in geography and civics were not founded and the results did not have to be adjusted, the ministry spokesman said.

Austria asks for overflight rights to Amman

Austrian Airlines has asked the Civil Aviation Authority for permission to fly over Israel on its flights to Amman, the airline announced yesterday.

Local manager Eli Messer said he had made the request to Menahem Sharon, head of the Civil Aviation Authority, to enable the Austrian carrier to reduce its flying time to Amman. Austrian Airlines renewed its twice weekly flights to Amman six months ago and, in addition to the flights to Israel, also flies to Beirut and Damascus. Sharon said yesterday that he had not yet received an official request, and that he would consider all such requests only after the flights through Israeli airspace by the Jordanians had actually begun.

Winning cards

In yesterday's Mifal Hapayis daily Chance card draw, the lucky cards were the ace of spades, eight of hearts, 10 of diamonds and jack of clubs.

Swede: Israeli passengers not dangerous

The head of the safety committee of the Swedish Pilots Association said this weekend that he had been misunderstood when he said the presence of Israeli passengers could make SAS planes a target for terror attacks.

Christian Dalstrom had been quoted as making the remark in the Swedish daily, Svenska Dagbladet. He said it had been in the context of a warning from the American FBI that Islamic terror organizations were likely to carry out suicide attacks on planes in the near future.

In response to Dalstrom's remarks, Zvi Rosenberg, head of the Israeli Pilots Association, protested and noted that he and his colleagues would be willing to carry every passenger, after a standard security check.

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Search delayed for 350 feared drowned in Bangladesh

CHANDPUR, Bangladesh (AP) — Weeping on the shores of two rivers yesterday, survivors of a ship sinking that left 350 people missing and presumed dead blamed the captain for the accident.

They also shouted and screamed when police told them the rescue vessel won't arrive until today to raise the double-decker ferry from the bottom of the 7-mile-wide, 300-foot-deep rivers.

Abdul Khaleque, who was traveling with his daughter when the passenger ship sank in southern Bangladesh on Saturday afternoon, said that happened because it was overloaded with rice.

"More than 250 sacks of rice rolled to the right when the ship turned to anchor and it rolled that way and sank," said Abdul Khaleque, 35, who swam to a shore with his daughter.

Manik Prodhania, 35, who saved his 8-year-old daughter Mainkan, but lost his 75-year-old mother, said while crying:

"It all happened so fast that I couldn't save my mother. I grabbed my daughter sitting by me and jumped into the river."

He said the captain ignored passengers when they complained as the ferry briefly docked and hundreds of bags of rice were loaded into its hold beneath a deck already full of too many people.

About 60 people swam to safety or were rescued by fishing boats at Chandpur port, 40 miles south of Dhaka, despite the strong currents in the Meghna and Dakatia rivers and monsoon rain. The 350 missing people include the captain.

Golan Kibria, a port official, said local divers couldn't find the overturned ferry in such a deep, rough river. He also said the missing people probably drowned and were trapped inside the ship.

According to official sources, about 3,000 ferries operate across the many rivers in southern Bangladesh this time of year. One-third of them don't get authorized survey documents, and many carry cargo and passengers far above their legal capacity limits, the sources said.

21 killed in Tunisia train crash

TUNIS (Reuters) — Twenty one people were killed and 89 were injured when two passenger trains collided head-on in Tunisia at the weekend and burst into flames, an official statement said yesterday.

The trains, one an express heading towards Tunis, collided on a single track between the villages of Kalaa Kebira and Kalaa Seghira, 110 km southeast of the capital.

"The engines and at least three wagons were reduced to scrap metal and were all burnt," one witness said.

Trains normally pass one another in the village station of Kalaa Kebira.

The statement said 83 of the 89 injured were only slightly hurt and left hospital after receiving first aid.

"A last body was recovered at about 7 a.m. on Sunday," a rescue worker said.

Witnesses said the rail line which links the capital with part of the south was closed while workers waited for heavy cranes to clear the wreckage.



A French soldier shakes hands with Rwandan children at Cyangugu on the border with Zaire as he pulls out with the last of the French troops involved in 'Operation Turquoise.'

Rwandan refugees stampede as French troops pull out

MICHEL WRONG
BUKAVU

FRANCE pulled out its last troops from Rwanda yesterday, leaving hordes of frightened Hutu refugees desperate to go with them but held back by Zairean paratroopers firing into the air at a closed border crossing.

Less than half an hour after French Legionnaires pulled out of the Ruzizi border post, hundreds of refugees fearing Tutsi reprisals swarmed onto the rickety river bridge, determined to reach the Zairean shore and what they regard as safety.

Ethiopian UN peacekeepers stood by helplessly as the refugees ran across, only to be halted in their tracks by Zairean paratroopers firing into the air.

Retreating in confusion, the panicking refugees dropped shoes, hats and mats in the stampede back. There were two more attempts to storm the crossing, each time repelled by the Zaireans with a volley of shots.

Zairean authorities yielding to pleas from aid officials, later reopened another bridge crossing to ease the stampede.

Kris Janowski of the UN High Commissioner for Refugees (UNHCR) told reporters the Zaireans had reopened Ruzizi-Two, a bridge 20 km (12 miles) south of the main crossing. A trickle of refugees was already crossing, he said.

Janowski said the UNHCR was studying plans to bring trucks to the Zairean side of the border and transport refugees who walked to

Ruzizi-Two to camps around Bukavu.

Up to 800,000 refugees were sheltering in the French zone from Rwanda's three-month civil war.

At the main crossing, Ethiopian troops were subjected to a abuse and missiles as furious Hutus accused them of being allies of the victorious Tutsi-dominated Rwanda Patriotic Front.

Later in the morning the situation began to calm down but was still tense with refugees and red-bellied Zairean soldiers staring with concentrated hostility at each other.

From the Zairean hillside, a machinegun was trained on the 5,000 milling refugees while members of the 150-strong paratrooper force posted along the porous border kept watch.

Not everyone had given up. Close to the crossing, the most adventurous refugees were using their straw mats as rafts, paddling across the Ruzizi, while others bought a passage on Zairean canoes. Some were swept downstream by the current.

It was a disastrous start for the African troops making up the United Nations force that is due to replace the French in the southwestern Rwandan "safe zone".

The 800 Ethiopians are part of a 2,200-strong African contingent.

"If this is the first indication of what will happen in the southwestern region with the withdrawal of the French, it doesn't bode well," said Nina Winquist, spokeswoman for the International Committee for the Red Cross (ICRC).

Cheered through by children, 150 legionnaires of France's Operation Turquoise were the last French troops to cross the border at Cyangugu and into the Zairean town of Bukavu, ending a two-month operation which Paris said was solely humanitarian.

The 60-vehicle convoy was waved through by Zairean paratroopers despite the closure of the border.

At a brief military ceremony at Kamembe airport, outside Cyangugu, French Lieutenant-Colonel Jacques Hogard, commander of Operation Turquoise in the Cyangugu area, passed on control of the zone to Ethiopian Colonel Tadele Gebreselassie.

Then the French tricolor was lowered to be replaced by Ethiopian and United Nations flags.

French forces had succeeded in keeping the RPF out of the zone and had protected Tutsi refugees inside the zone from further massacres by Hutu troops and militia.

But the new government installed by the RPF in Kigali has said it intends to move into the zone soon, and the UN peacekeepers do not have the mandate to stop them. (Reuters)

Voting begins in key Mexico election

JEFF FRANKS
MEXICO CITY

MEXICANS began voting yesterday to select a new president and congress in an election that could be the country's closest and most critical ever.

Experts were predicting a heavy turnout for the high-stakes ballot which many fear could erupt into violence if the government does not deliver on promises to hold a clean election.

As many as 70 percent of the country's 45.7 million registered voters, equipped with supposedly fraud-proof identification cards, were expected to vote at 96,000 polling places around the nation.

By comparison, only 48 percent of registered voters cast ballots in the last presidential election in 1988.

The polls opened at 8 a.m., with the last ones closing at 7 p.m. Mexico City time in the western states.

Most polls indicate the Institutional Revolutionary Party's (PRI) Ernesto Zedillo will win the battle to succeed President Carlos Salinas de Gortari, whose six-year term ends December 1.

But they also show that for the first time in history a PRI candidate may win with less than 50 percent of the vote, which could weaken his mandate.

Zedillo's top rival, Diego Fernandez de Cevallos of the conservative National Action Party, trails in most polls by at least 10 percent, with Cuauhtemoc Cardenas of the centre-left Democratic Revolution Party (PRD) in third place.

But for the first time since the PRI took control in 1929, having its own man in Los Pinos, the presidential residence, will not give the party unbridled power to run the country.

Electoral reforms assure a much stronger opposition in the PRI-dominated national congress which traditionally has been a rubber

stamp for the president.

With all 500 seats in the lower house Chamber of Deputies and 96 places in the newly expanded 128-member Senate up for grabs yesterday, some experts believe the PRI could lose its majority in one or both of the legislative bodies.

Just as important as who wins this election is how they win.

The government has spent \$11 billion to revamp its electoral system in an attempt to remove the possibility of vote-rigging, but Mexicans are still deeply sceptical there will be a clean election.

Past votes, including the 1988 victory by Salinas, have been tainted by fraud and after a tumultuous year with a peasant uprising in the state of Chiapas and the March 23 assassination of then-PRI presidential candidate of Luis Donaldo Colosio, even political moderates believe Mexico's political stability is riding on a clean election.

"The country is asking for change. If there is no credibility and clean results, the revolution will come," top Mexican businessman and Salinas ally Juan Sanchez Navarro said in a Mexico City newspaper.

Government officials have said they fear the PRD could be planning action to disrupt and discredit the election, which could lead to violence. Even though Cardenas has not advocated anything other than peaceful action, he has made it clear that the PRD will not accept a fraud-tainted vote.

But the Zapatista National Liberation Army, which urged the overthrow of the government when it launched a New Year's day rebellion in Chiapas, said yesterday it will not immediately take up arms as previously threatened even if there is substantial fraud. (Reuters)

French interior minister: Carlos will betray followers

PARIS (Reuters) — "Carlos the Jackal" facing up to life behind bars will betray the people who backed him during two decades of hit-and-run attacks, French Interior Minister Charles Pasqua was quoted yesterday as saying.

"Many people would prefer him dead," the minister, who engineered the seizure of the left-wing terrorist mastermind in Sudan a week ago, told the weekly *Le Journal du Dimanche*.

After a tense week of charges and counter-charges focusing on Carlos's lawyer Jacques Verges and an alleged plot to kill the attorney by the French secret services, Pasqua said the Carlos affair "is only just beginning".

The media-wise Verges, France's most provocative lawyer, has eclipsed his notorious client as a flurry of media reports delve into the Stasi secret service archives of former East Germany which allege the attorney was close to Carlos, a Venezuelan whose real name is Illich Ramirez Sanchez.

Refusing to comment on the Verges allegations, Pasqua said he had no doubt the names of those who provided information for Carlos's network, and of those who carried out his propaganda, would be revealed now that Carlos was in a Paris jail.

He said he was sure that Carlos would betray his former acolytes. "When a man of this importance is jailed, (he must speak out) if he wants to maintain his standing," Pasqua said.

Investigators have long been at a loss to explain the Carlos's knowledge of the French establishment.

When Carlos wrote in 1982 to the then interior minister, Gaston

Defferre, to demand the release of his girlfriend Magdalena Kopp, of Germany's Red Army Faction, the terrorist sent his letter to the French ambassador to the Netherlands, Jean-Daniel Jurgensen.

Jurgensen and Defferre fought side-by-side in the wartime Resistance in the same clandestine group, and the former was thus a perfect intermediary.

Were he to talk, Carlos could embarrass some of the governments, particularly in the Middle East, which helped him.

French media reports have said, Stasi files named leading French figures, including politicians and intellectuals, who had been in touch with Carlos or his network.

Over the past week, Stasi files have been variously quoted as implicating Verges in an attack on a French nuclear plant in 1982, and branding him an "operational member" of Carlos's group in the 1980s.

Verges also allegedly offered to mediate between Carlos and the Paris government to try to put an end to terrorist outrages.

Verges has denied the charges, denouncing a "Stasi disinformation campaign" and a bid by France's former Socialist rulers to hide their efforts to negotiate with terrorists.

He said he was asked to act as a mediator with Carlos by French authorities in the 1980s, when he was defending Kopp.

Raising the stakes, Verges charged that President Francois Mitterrand had approved a secret service plot to assassinate him in the early 1980s.

Carlos, under investigation for three bombings, reacted with a joke to his lawyer stealing his thunder.

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From Trojan hero to lit professor

HELEN KAYE

MAKRAM Khoury thinks he'll keep his beard. "It's been lucky for me and it makes me look more mature," he says, lightly patting its neat contours. He first grew it for Tesman in *Hedda Gabler* at the Haifa Theater. Then came *Sheep* for Channel 2 in which he played a vet, and last April, "just when the IDF was starting its pullout [from Gaza and Jericho]," he made *The Three Last Jewels* for the BBC in Gaza.

Currently the versatile beard is rounding Frank's chin in the Beersheba Theater production of *Educating Rita*, a comedy by UK playwright Willy Russell, which opens in Beersheba on September 1.

Frank's life is a shambles. He drinks too much. He's on the outs with his girlfriend. It's been 15 years since he's written a line of poetry and whatever interest he had in teaching literature has withered into sterile routine.

Then one day Rita (Adva Edni) blasts into his study. She wants to learn, to know, to change, to become "the sort of woman who knows the difference between Jane Austen and Tracy Austin," and it's Frank she's elected to lead her to that promised land.

They couldn't be more different. She's street-smart, young, the bluest of blue-collar - a hairdresser and very determined. He's educated, middle-aged, middle-class, a university lecturer and a loser.

"Not a loser," protests Khoury. "I don't judge him, I can't judge him. If I play him as a weak character and a loser, then I have nowhere to go. No. He's honest and a pure soul who judges himself harshly. He's the

sort of person who finds it difficult to hurt people. He's lost everything he regarded as precious, and all that's left is cynicism.

"When Rita comes into his life, her youth, her freshness and vitality, her solid instincts wake up all these long-forgotten emotions, but he wants her to stay as she is."

Russell criticizes the assumptions of Britain's still class-influenced society as much as he ridicules its educational system.

Rita director Ofira Henig says that while Israeli society, given its multi-ethnicity, is less class conscious, the comedy's digs at education apply equally to this country.

"We suffer from the same type of educational problems generated by teachers' insistence on set formulas in students' work, but Russell's socio-political comments aren't as important as the levels of relationship and expectation between Frank and Rita," she says.

The antithesis of the embittered Frank, Khoury has accomplishments to trumpet, (though he doesn't). His accomplishments include winning the Israel Prize in 1987, the Israeli Oscar the previous year and David's Lyre for Best Actor of 1984.

He's a gentle, almost courtly man who says of himself that he has no complexes except that "I reproach myself sometimes that I don't work sufficiently on my Hebrew."

"You can't have complexes as an actor, because an actor has to be open to grasp the whole world," he says.

Grasping the whole acting world is something Khoury understands. He has played

an enormous range of roles in his 20-odd years of acting, from the Trojan hero Hector in *Tiger at the Gates* to Estragon in Beckett's *Waiting for Godot*, which was voted by local critics as the best play of the 1980s.

Directed by Ilan Ronen, the Haifa Theater production ran from 1985 to 1987 with Yussuf Abu Varda as Estragon. It will be revived for a series of performances in November in Manchester, the EU's city of drama this year.

In it Beckett's tramps are Arab workers from the territories waiting for Pozzo, the Jewish contractor who gives them work.

"We didn't change a line, and it's astounding how Beckett's text fits the idea of Arab/Jewish dependence," says Khoury of the production. "And we did the show without all the media exposure [the Khan's *Romeo and Juliet* had]."

These days, nobody asks him any more what it's like as an Arab living among Israelis, he says. "Thank goodness, and if they did, I'd say what I always said. It's stupid to fight, and what's happening now should have happened long ago."

"We did *Tiger at the Gates* during the [1982] Lebanon war and in it Hector makes a very anti-war speech," he says. "I got lots of letters from war widows, and they all wrote of the futility of war."

"I see myself as Makram Khoury, the son of a Palestinian Arab who wanted Palestine, but when it didn't happen he shrugged his shoulders and went on living his life," he says. "I never learned hate for anyone from

him. He was a gentleman and a poet. I learned patience and humor from him, the love of literature, and of everything - except the law."

Khoury's father, a magistrate in the Haifa Municipal Court, wanted Makram to study law and he obliged, for three months. Then he went off to study acting privately with Jacqueline Kronberg and finished with close to three years at London's Mountview Theater School.

"I wanted to be an actor for as long as I can remember, because of the movies," he says. "My heroes were Burt Lancaster, Kirk Douglas and James Dean. I even tried to make my hair like theirs," but says his springy curls wouldn't be subdued into those slicked-back waves of the 1950s.

Born in Jerusalem in 1945, Khoury was only a few months old when his parents moved to Acre. In 1948 "we went to Lebanon, although the Israelis asked father to stay on the bench," he says.

However, things didn't work out in Lebanon, so the family came back after six months. "Grandfather paid a professional infiltrator to get us across the border and we arrived back in Acre just in time to get our Israeli IDs," Khoury says.

Today, Khoury, his wife Wadeah and their three children live in a plant-filled Haifa apartment; the plants are a substitute for the garden he would like to have.

"I don't dream of roles I'd like to play any more but find the challenge in what I get," Khoury says. "In the last two or three years, I've begun to understand what acting really is. The less you do, the more believable you are."

The puppet festival: the plots thin

THEATER REVIEW
MICHAEL AJZENSTADT

THE Eighth International Puppet Theater Festival ended in Jerusalem last week suggesting, as one felt in previous festivals, that this particular art form is more concerned with form than with content.

The only visiting show this year that contained what conventional theater would consider concept and direction was *Don Juan*, an adaptation of the classic myth/legend presented by the Obraztsov Puppet Theater from Russia.

This famous, well-established company brought two productions to the festival. Their version of *Aladdin* was slow paced and annoying, and the very young spectators did not really enjoy it. But their adult version of the story of the great lover had wit, charm and delight written all over it.

This *Don Juan* follows the protagonist as he travels all over the world, running away from angry husbands and messengers from hell - but chalking up conquests as well. This show was performed in a very Italian-flavored gibberish which added to its exotic Latin flair. The puppets, as in *Aladdin*, were exceptional, the technique first rate.

Above all, this company delivers stories we are all familiar with, but with a new twist.

Don Juan was the exception in a festival that lacked soul. Take, for example, *Senor Z*, a shadow-theater presentation by the fine French company Amoros et Augustin. It was exceptionally presented with attention to every minute detail.

However, this show was not so much about good triumphing over evil; rather, it was a virtuosity showcase that was rather repetitive and redundant. Each scene was stunning, but as a show it did not function; the first to notice were the kids, who were uneasy in their seats.

The festival is, above all, for young audiences; only three of the

11 visiting shows were for adults. But organizers seem to regularly neglect the basic needs of young audiences. Translation attempts into Hebrew are not always successful, as was the case with *Aladdin*.

Young children have a very short attention span when a show is less than captivating, and in most of the shows the kids began roaming around the auditoriums to pass the time until the end of the show. Their parents did not try to prevent them.

Two shows did rise above the general level and featured a real story, or a series of short stories. Chinese artist Yang Feng, who now resides in the US, brought warmth and charm in his *Chinese Tales*, each presented with a moral in addition to the brilliant puppets and virtuoso technique. And Patricia O'Donovan's new show for the Train Theater, *A Touch of Light*, about the childhood of Louis Braille, was successful because its emphasis was the story of this courageous lad and not necessarily the way in which it was presented.

Israel's leading puppet-theater company, Jerusalem's Train Theater, has set new standards in excellence. Most of their shows are inventive, captivating, delightful and brilliantly presented. The International Puppet Theater Festival should adopt these standards.

The festival should not present shows in the big hall of the Sheraton Theater, where the audience in the upper rows cannot see the puppets on stage. Yes, one can sell more tickets in a big hall, but all those who suffered this year will not return next year. The festival could and should be a leading event, featuring new theatrical trends.

Organizers said that about 12,000 people attended the festival. However, that was only 60 percent of capacity, which is rather disappointing.

My Mom was a multi-murderer

FILM REVIEW
ADINA HOFFMAN

SERIAL MOM

Directed by John Waters. Screenplay by John Waters. Hebrew title: *Ima Shadmit*. English dialogue, Hebrew subtitles. Children under 17 not admitted without an adult.

Mom Kathleen Turner

Dad Sam Waterston

Misty Ricki Lake

Clap Matthew Lillard

JOHNSON's *Serial Mom* stars Kathleen Turner as just that: a prim, homicidal *Good Housekeeping* mom who seeks violent revenge on her neighbors for any number of suburban offenses.

One woman stole her parking spot, a math teacher complained about her son's class behavior. And then there's the unfortunate boy who stood up her pudgy daughter.

Beverly (Turner), so pert in her cardigan, even kills like a good housewife. Her weapons of choice include sewing shears, a powder blue station wagon, an air conditioner, and, in one especially unsettling scene, a leftover leg of lamb.

Between bloodbaths, Beverly also finds time to whip up fresh roll house cookies for the kids, attend parent conferences, and sort the garbage into the proper recycling bins. Her bug-eyed dentist husband, Eugene (Sam Waterston), and two teenaged children (Ricki Lake and Matthew Lillard), think she's just super. Little do they know that their model mom's a psychopath.

If all of this sounds grotesquely over the top, well, it is.

As in his earlier movies, like *Hairspray* (a loving homage to the precocious bouffant and 1950s hit parade, starring, among others, the gargantuan drag queen Divine, in a flowered house-dress and curlers) and *Polyester* (a scratch 'n' sniff picture that also featured the ampie cross-dresser and the scent of sweaty socks), the director squirts his camp in your face like water from a joke bottomless.

The wryer, the gorier, the crasser, the sillier, the better: that's the Waters mark. No estheti-

cian he. Waters strives first and foremost to gross us out. He basks in close-ups of painful root canal work and fat people chewing. He loves disembowelment, dog doo, slasher movies, things that go splat on the sidewalk. Try to imagine the place where Quentin Crisp meets Roger Corman.

But the perverted shtick and gore of *Serial Mom* fade rather quickly, leaving in its wake little save the memory of its silly-sick premise and a faintly nauseating aftertaste.

The contrast between the sunshine and light of Beverly's public self and her identity as a deranged mass murderer isn't deep enough or ultimately complicated enough to warrant an entire film. And, because the script and gags are so thin, the angle of approach to each, punchline so restrictively arch, the main burden to keep us occupied falls on Turner's tailor-padded shoulders.

Turner is a handsome, smoke-and-whisky rasped actress who usually registers as a sort of second-hand Lauren Bacall. She looks good in beige linen and has a sly, feline presence that helps her turn faint contempt into steamy sex appeal.

Or used to. Turner hasn't aged well. She's puffier than usual here, and seems uncomfortable in her skin. This loss of girly powers has prompted a shift in attitude and roles for the actress.

Instead of letting herself slink and suggest in her old subtle mode, she's chosen, with several broad comic parts, to become a ham. In last year's moronic *Undercover Blues*, for example, she played a yuppie spy and new mother who spent too much of the last sequence mud-wrestling poorly and cursing. In *Serial Mom* she again pits her own best, classy instincts against the part she plays, and hopes for a couple of laughs.

Waters clearly enjoys these extremes - her breeding, his bad taste - though it's not an especially flattering mixture for anyone involved. Least of all Kathleen Turner.



Kathleen Turner plays a prim, perfect mother right out of 'Good Housekeeping' with a bent for murder with Sam Waterston as her bug-eyed husband in 'Serial Mom'. (Philip Canoso)

But you've got to grant Waters his gusto: Patty Hearst appears here in a small part (as a juror!) and Suzanne Sommers flits in,

along with a thin, nervous redhead who goes by the name of Mink Stole.

Even in this, one of his least

endearing movies, Waters shines his searchlight into the doldrums of America's burbs. *Serial Mom* provides intermittent comic relief.

Stuntmen worry: Will computers take their jobs?

BOB THOMAS
LOS ANGELES

TOM Hanks shakes hands with John F. Kennedy. A Florida causeway is destroyed by an explosion. Two current hit movies feature those startling scenes, both created by a computer.

As seen in *Forrest Gump* and *True Lies*, such innovations have prompted some to worry that computers may play a major role in future filmmaking, perhaps endangering the livelihood of stunt players and other performers.

Stop worrying, advises a cross section of industry folks. If anything, they say, computers may supply work.

Digital Pictures Inc., for example, hired 45 stunt players from the Screen Actors Guild for a one-hour, action-packed interactive video, *Ground Zero Texas*.

Still, veteran stuntman and director Terry Leonard takes a cautious view.

In New York for *Die Hard III*, he planned a crash scene on city streets that he figured would require 15 stuntmen. By using optical effects and a split screen, he hired only five.

Leonard, whose credits include *Apocalypse Now*, *Romancing the Stone*, *The Fugitive* (the train crash) and *Maverick* (the stagecoach chase), believes that computer imaging "will affect a lot of

things in filmmaking as we know it today."

"I'm afraid the stuntman entering the business today is not going to find it as lucrative as in the past," he said.

"In fact, raising horses is looking more attractive to me than staging stunts, much as I love it. As soon as my boys get out of high school, I may start slowing down."

Donna Keegan, who doubled for Jamie Lee Curtis in the limo-helicopter stunt in *True Lies*, serves as chairwoman for the SAG's Stunt and Safety Committee, and says computers should concern everyone.

"Look how factory jobs have been lost because of computers," she said. "There is fear among stunt people, but we are in constant negotiations to make sure they are protected."

"Computer imaging is hot today, but I think the situation will be much like the music industry. Twenty years ago, everything was synthesized music."

That lasted three to five years until people decided the ear doesn't want totally perfect sound. They would rather hear real music instead of Max Headroom."

Keegan cited an example of how computers have made stunts safer: "I did a 320-foot [97-meter]

fall for Jamie in *Mother's Boys*. I used a 'descender' [cable] that dropped me 200 feet [61 meters] and then slowly stopped my fall. I felt it, but it was more like getting out of bed in the morning. Later, the cable was erased from the film by computer."

Linda Fetter, who underwent 5 1/2 hours of makeup for stunts as the Catwoman in *Star Trek V*, said that some members of the Stuntwomen's Association have been called for interactive videos.

"So far, computers haven't worked against us," she said. "They're not a great concern for us. We're women, so that automatically makes us a minority, and we're constantly fighting that."

Bryan Unger of the Directors Guild of America monitors changing technology. "In the short term, we see no threat to our members," he said.

"Directors still oversee special effects, no matter how they are created. We want to make sure our directors are aware of the latest developments, and we have been meeting with the various manufacturers."

"I don't think computer imaging will hurt us in the long run," said Max Kleven, who has direct-

ed action for *Batman Returns*, *The Back to the Future* trilogy, *Who Framed Roger Rabbit* and *Robin Hood, Prince of Thieves*.

"The business is changing. Now, you can stage a car turnover in the desert and put it on a New York street. You can make a big bang by computer, whereas doing it live would be too expensive."

"If it draws people in the theaters, that's good. Any time an action picture is a success, it helps the business."

Meanwhile, SAG is closely monitoring the situation, and remains concerned.

"But we cannot foresee a situation where actors will be reproduced by computers," a SAG spokesman said. "Filmmakers will still depend on performers to give movies the sense of depth, move-

ment and human emotion. You can never duplicate the human soul."

In *Terminator II*, for example, Robert Patrick was converted into an automaton. The actor was filmed in the action, then his image was copied on computers using the rotoscope process.

The computer revolution is not the first new technology that has caused concern in the film industry.

When sound was introduced in the late 1920s, many industry leaders predicted it was impractical. It was too expensive to convert studios and equip theaters, they said.

The great Irving Thalberg predicted: "Sound will be an important adjunct to the industry, but it won't replace the silent movie." (AP)

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Unfulfilled commitments

FORMER Deputy Assistant Secretary of Defense in the Reagan administration Douglas Feith, who headed several high-level negotiations with the Soviet Union, once complained that democracies like to make agreements but care little about how their adversaries keep them. Nothing seems to prove this assertion more persuasively than the way Israel has been treating its agreements with the PLO. With remarkable consistency, the government seems more eager to sign agreements with Yasser Arafat than to hold him responsible for them.

Before Prime Minister Yitzhak Rabin agreed to approve the Oslo Declaration of Principles, Arafat made two important commitments. One was to renounce and denounce violence, a pledge which obligates the PLO not only to stop all terrorist activities and condemn them, but to pursue and punish Palestinian terrorists who defy the agreement.

The other was a commitment to convene the Palestine National Council (PNC) for the express purpose of abolishing the clauses in the Palestinian Covenant which call for the dismantling of Israel.

The reason for Israel's insistence on these commitments needs little elaboration. No government can negotiate effectively with a gun to its head. That the Israeli government did not condition negotiations on the total cessation of violence ("We shall negotiate as if there is no terrorism and fight terrorism as if there are no negotiations," as Rabin put it) is almost unprecedented in modern history, and in marked contrast to the British insistence that all IRA terrorism cease before talks can begin.

Yet even though Israel was satisfied with much less than a cease-fire, it has not insisted on Arafat's keeping his minimal obligation. Arafat has condemned, indirectly, a couple of terrorist acts by his own Fatah faction, and even that only after being subjected to great pressure by the US. He has never appeared in public and put his prestige and political weight on the line by unequivocally denouncing terrorism.

Even after the latest murder - the slaying of an Israeli teenager last week - he refused to say that he would fight Izzadin Kassam, the Hamas military arm. He only promised, reluctantly, that he would try to persuade Hamas to stop its terrorist activities. In fact, after arresting and releasing some Hamas leaders, an act Rabin characterized as an exercise in public relations, the Palestinian police have done nothing against Hamas. Not one known terrorist in Gaza or Jericho has been disarmed, let alone arrested.

The commitment to abolish the offensive clauses in the Palestinian Covenant is even more

important. The whole Oslo agreement, according to Foreign Minister Shimon Peres, is based on the assumption that the Arab world has changed, that it is now willing to recognize Israel's right to exist and accept it as an integral part of the Middle East.

Moreover, the government has accepted the Arab contention that the root cause of the Arab-Israeli conflict is the Palestinian problem. If only the Palestinians and Israel can make peace, say its ministers, all the Arab regimes will accept Israel. It stands to reason, then, that without acceptance of Israel by the PLO, no such rapprochement with the Arab world is possible.

Yet in the year since Arafat pledged to revise the Covenant, he has made no move to convene the PNC. The PLO chief has tried to belittle the importance of the Covenant, but the fact is that it is the charter of the PLO, viewed by Palestinians as a constitution which supersedes all declarations made by individual leaders.

Nor is it strictly true that Arafat "inherited" it from his predecessor Ahmed Shukairy, as he recently claimed to Peres. The Covenant was indeed first adopted in 1964, at the first Palestinian Congress convened in Jerusalem before the territories of Judea, Samaria and Gaza were won by Israel and before Arafat became the head of the PLO. But it was amended under Arafat's own supervision in 1968, at a session of the PNC in Cairo.

Nor is the problem one of "correcting" a few paragraphs. The Covenant calls for dismantling Israel, a state it considers illegal; it denies the Jews, as individuals, any rights in the country; it calls for expelling all Jews who arrived after "the Zionist invasion" (that is, after 1917); it rejects any settlement based on compromise and denies the possibility of any solution except a military one. Indeed, if all the "offensive" clauses are eliminated, very little will be left.

After a long silence on the issue, both Rabin and Peres recently declared that the PLO must convene the PNC and revise the Covenant. Arafat responded by specifically promising he would do so in August. But on Saturday, Arafat chaired a Tunis meeting of the Fatah, his own PLO faction, after which his spokesman declared the PLO must not and will not revise the Covenant until "Israel recognizes the establishment of a Palestinian state with East Jerusalem its capital."

The decision, made with all the Fatah "moderates" including Nabil Shaath and Faisal Husseini, is a flagrant breach of the commitment Arafat made to Rabin almost exactly a year ago. What remains to be seen is whether the government will again describe this spit in its face as a drop of rain, find a way to excuse it, and proceed to the next agreement.

LETTERS TO THE EDITOR

CHANGED VIEWS

Sir, - The leopard has indeed changed its spots (Abba Eban's article of August 12). Mr. Eban, the one-time foreign minister and for some years now an occasional visitor from the US, coined the expression that the pre-Six Day War borders were "Auschwitz borders." Certainly he implied it would be suicidal to return to these borders.

Today he is advocating a return to these selfsame borders, including the formation of a Palestinian state, although he intimates that a state would or could confederate with Jordan. Mr. Arafat has already stated that confederation is a joining of independent sovereign states.

Mr. Eban accepts the return of all of the Golan in view of Assad's reputation for "meticulous" observance of a signed contract. If anyone should know, Mr. Eban should know that the word or signature of an absolute dictator has little credibility, especially when he may depart the scene, leaving it to the whims of some unknown successor. Perhaps Mr. Eban is alluding to the quiet border between Israel and Syria as evidence of Assad's meticulous observance of a cease-fire agreement. It is the IDF's artillery whose range reaches Damascus and the armored forces whose tanks can get to Damascus in a few hours that ensure observance of the cease-fire. Haifa.

GERALD KATZ

BRAVO!

Sir, - I should like to express my appreciation of the extraordinarily fine film reviews that Adina Hoffman writes for *The Jerusalem Post*.

I rarely go to the cinema, but her film reviews are first-class and give me much pleasure.

Thank you, Adina Hoffman!

RUTH RIGBI

Jerusalem

TRUTH IN ADVERTISING

Sir, - My eye caught an advertisement on the pages of your paper entitled "Come and visit Israel's second holiest city - Hebron," (J.P., July 28). This title contains a serious error (or possibly, a deliberate misrepresentation of fact). Hebron is not Israel's second, or for that matter 10th, holiest city - since Hebron is not an Israeli city at all, but rather a place held temporarily by Israeli troops pending negotiations on its final status. Even the most right-wing nationalist government in Israeli history - the one which held power between 1990 and 1992, headed by the Likud's Yitzhak Shamir and having as ministers such radical nationalist leaders as Ariel Sharon, Rafael Eitan and Rehavam Ze'evi - did not dare to make Hebron part of Israel; rather than give the vote to Hebron's 100,000 Palestinian inhabitants, the Shamir government preferred to maintain its status as an occupied territory.

In the Oslo Agreements - duly ratified by the Knesset - the State of Israel assumed an obligation, binding under international law, to redeploy IDF troops outside Hebron on the eve of the Palestinian elections - which are due to take place in late 1994 or early 1995. Hebron would then pass to the Palestinian Self-Governing Authority and the Palestinian Police, which will control it until final status negotiations begin in May 1996; it is extremely unlikely, to say the least, that these negotiations will culminate in Hebron becoming a part of Israel. The advert placed in *The Jerusalem Post* purports to invite people to visit the city of Hebron; but the actual program set out consists solely of a visit to a small enclave of a few hundred religious nationalist settlers, carved out of the center of Hebron. The organizers totally ignore 99 percent of the population of Hebron, who are Palestinians. Certainly, every faction on the Israeli political spectrum, including the extreme right, is entitled to spread its views, publicize its activities and seek new adherents - but in presenting its "merchandise" to the public, it is too much to ask them to avoid false pretenses and keep the same basic standards of honest advertising required of any commercial firm? Ramat Gan.

TZVI GOLDBERG

HIGHWAY PROBLEMS

Sir, - I enthusiastically add my voice to the dissenters of the Trans-Israel highway. I appreciate that this project will profitably engage several committees of retired generals, economists, contractors, statisticians, etc., and probably at a later stage media psychologists, publicity agents, travel agents, etc. The budget will of course be modest to start with, but will inevitably end up as the realization of a bad dream.

It amazes me that the same government authorities that are so eagerly pushing this project cannot find the

necessary funds to keep our existing roads in a proper state of repair. The Transport Ministry has learnt from the "shpiznikim" - start as many projects as possible but make sure they are not finished too quickly. This is a clever attempt at brainwashing the public.

But perhaps the public prefers an efficient public transport system to a super highway and perhaps we would like to have a green scenic background rather than a black one when travelling. MARTIN STERNTHAL

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Dialogue of the deaf

ELIE REKHESS

SOMETHING is rotten in the government's relations with the Arab local authorities.

The extent of the rot can be seen from the intention of Arab community leaders, headed by the director of the Islamic movement in Israel, Umm al-Fahm Mayor Sheikh Ra'id Salah, to travel to Geneva to plead their distress before UN institutions.

Concurrently, the heads of the local authorities are daily knocking on the doors of foreign embassies here, asking for help.

This is no new story. Every year, it plays itself out: a financial crisis erupts between the Treasury, the Interior Ministry and the local authorities; agreements are concluded on the provision of additional resources, but no money is transferred; the local authority leaders then threaten, apply sanctions, suspend services; new negotiations are begun, new agreements signed, and so on and so forth.

The inescapable conclusion is that this is a dialogue of the deaf. Each party brandishes its terms of references and reasons. The Arabs complain of discrimination and cite budget figures to back their claim. The government categorically rejects the accusation, asserting that the Arab sector has actually enjoyed increased budgets.

Government officials contend that the heart of the problem is political power struggles, bad administration, wasted resources and a different culture of governance. Cynics say the continued strike in the local authorities serves the political interests of Arab politicians, giving them a fighting image and increasing their prospects of reelection, while at the same time exorcising their failure to develop their communities.

Meanwhile, the Rabin government is standing firm. Against the background of recent diplomatic achievements, the crisis of the local authorities becomes dwarfed. But this cannot last; delays, evasions, sweeping the problem under the carpet all have a price. The Arab community is experiencing

Sweeping the financial problems of the Arab local councils under the carpet has a price

rising anger. Their publicists flay the government. "What are we, citizens or proteges?" demanded Saliba Hamis in a recent issue of *Al-Sinara*.

THE DAMAGE is cumulative and the alienation between Jews and Arabs grows deeper. Ideologically, the dispute serves those who claim that equality is not attainable in the State of Israel, so alternative solutions should be sought - either through administrative autonomy or by obtaining help from abroad. There is also discussion of a possible approach to Jordan, and even to the Palestinian Authority.

This sort of conclusion has special significance today. The agreement with the PLO and the apparently impending solution of the "1967 problem" have once again opened the "1948 file" in Arab

towns and villages, in other words, the nature of the relations between the majority and minority in the state.

Politically, the crisis is resulting in greater frustration among the Hadas and Arab Democratic Party MKs, caught between the hammer and the anvil. Pressed by their voters to stop supporting the government, they are forced to explain that peace is more important. Supporters of the Zionist parties, especially Labor Party members, are determined to teach their leaders a lesson, especially with the approach of primaries and elections.

The irony is that it is the Rabin government which adopted a liberal policy toward the minority and made impressive breakthroughs in housing, transportation, education, work and welfare, that is eroding the credit it chalked up.

The crisis will not be solved by a one-time allocation of resources. There is a basic lack of understanding about the scope of the budgets and their objectives; there is an urgent need to set up a governmental or public commission, empowered to arbitrate, to investigate the roots of the problem in all its aspects. It should propose a long-range solution acceptable permanently to both the government and the local authorities.

Such a body would have to be credible and include senior government personnel and Arab public figures, and its conclusions should be binding. Continuation of a violent dialogue will only intensify the situation and make stands more extreme.

The writer is a senior researcher at the Moshe Dayan Center of Tel Aviv University.

The battle against inflation

SUSAN HATTIS ROLEF

THE problem with measures designed to bring down inflation is that they invariably act against other economic interests or goals.

The 1985 economic recovery program, for example, which succeeded in reducing inflation to two digits, forced many individual firms and conglomerates into bankruptcy, as a result of extremely high interest rates. Similarly, the 1992 program that brought inflation down to the single-digit level came at the expense of unemployment, which soared to over 12 percent.

While the Bank of Israel is once again raising interest rates as part of its contribution to the battle against inflation, the government is unlikely to do anything to reverse the positive trend in the unemployment rate of recent months. What it is trying to do is tackle those items in the Cost of Living (C-o-L) Index that appear to be contributing most to the index's refusal to stick to a single-digit level.

Housing is an obvious culprit. But the government seems to be at a loss to know what to do about it. The reason housing costs continue to rise is that demand is so great that contractors can set for themselves exorbitant profit margins. The government is not inclined, as a matter of principle, to interfere with this by administrative means.

If such means are excluded, what can be done? First, an effort can be made to bring down the cost of inputs. The first obvious target is land in those areas where housing is most in demand. To this end, the government has decided to free up for housing lands which were previously designated for agricultural purposes.

Second, labor costs must be reduced. Ensuring the availability of cheap labor is not so simple when the choice is between increasing the number of workers from the territories, with all the security risks entailed, and importing labor

from abroad, with all the potential social problems involved.

Another proposal for bringing down the cost of housing is to have the government become directly involved in building. This will lead, according to its proponents, to the cutting of profit margins.

The move to tax stock market profits can help, but only if it really leads to a drop in other taxes

The problem with this solution is not just the track record of former housing minister Ariel Sharon, who wasted billions of shekels several years ago by initiating the wrong type of housing, in the wrong locations and without being accountable to anyone. Rather, it is that the government no longer has the apparatus, organizational infrastructure and manpower it had back in the '50s to do the work without the help of private contractors. It is therefore not clear that the government can really provide housing at the required speed more cheaply than contractors working for themselves.

ANOTHER CULPRIT in the C-o-L index is fruits and vegetables. Here the problem is primarily the result of this year's extraordinarily warm and dry winter. Logic says that the solution is to import fruits and vegetables. But that is easier said than done. First, the most natural source of some produce - the territories - cannot supply the necessary quantities or varieties, while the source which

can supply them - Europe - is expensive.

But there is another obstacle: the agricultural lobby, which cuts across political parties, and which is warning against the whole agricultural sector collapsing if Israel gets into the habit of importing fruit and vegetables.

Here the government must finally make up its mind. If it wants to maintain a relatively large and thriving agricultural sector that can sell its produce at reasonable prices irrespective of weather or free-market conditions, it must be willing to subsidize the sector heavily (as is done in the US and the European Union). The tug of war between the various ministries and economic interests involved doesn't make such a decision an easy one to adopt.

A third discernible culprit responsible for the high C-o-L index is import duties and purchase taxes. The Finance Ministry's proposal to impose a 10 percent tax on stock-exchange profits should be seen in this context.

Since the price of shares is not included in the C-o-L index, and since in any case it is unreasonable that people should pay 40 percent of any income they earn from the "sweat of their brow" and nothing on what they earn gambling, this seems on the surface to be an excellent measure - as long as it really leads to a major reduction of taxes on items that are included in the C-o-L index.

The only problem is that the introduction of a new tax is complicated, and administrative problems make it very difficult to impose it in a manner that enables those having to pay it to offset losses.

In the next few months, as the appropriate legislation is passed, we shall see how successful the Finance Ministry is at achieving its goals.

The writer, a political scientist, is a member of the Labor Party Central Committee.

Sinister memories

CHARLES KRAUTHAMMER

AUGUST is the traditional month for reflecting on the atomic bomb.

Next August, the 50th anniversary of the bombing of Hiroshima and Nagasaki, will be the occasion for even more reflection. In commemoration, the National Air and Space Museum in Washington is preparing an exhibit. On display will be more than the *Enola Gay*, the B-29 that delivered the bomb. The exhibit will display also the degree to which elite American museums, like universities, have fallen to the forces of political correctness and historical revisionism.

The original script for "The Last Act: The Atomic Bomb and the End of World War II" drew fierce criticism from army veterans. Air and Space was forced to set up an internal review team that issued a report severely critical of the tone and content of the original script.

Some of the review team's recommended changes have been made, but the original script betrays the ideology and intentions of the curators. It said of the Pacific War endgame, for example, that "for most Americans... it was a war of vengeance. For most Japanese, it was a war to defend their unique culture against Western imperialism." The quote was later cleaned up, but you can imagine the prejudices of those who would write such

A US exhibit on Hiroshima promises to be an amalgam of revisionist hand-wringing and politically correct guilt

a thing and the kind of exhibit they would put on.

It is an exhibit that underplays Japanese savagery and devotes much attention to American racism. It quotes Hitler declaring, "I want no war against women and children. I have given the Luftwaffe instructions to attack only military objectives," then *turns* pages later quotes George Marshall saying, "There won't be any hesitation about bombing civilians - it will be all out."

It is an exhibit that subtly and not so subtly casts the Japanese as victims, the kamikaze pilots as heroes, and the Americans as the vengeful heavy.

Under the heading "Historical controversies" the exhibit asks "Would the bomb have been dropped on the Germans?" It begins its answer thus: "Some have argued that the US would never have dropped the bomb on the Germans, because Americans were more reluctant to bomb 'white people' than Asians."

Allied reluctance to bomb 'white people' will certainly come as news to the survivors of Dresden. The fact is that the A-bomb was built to be used against Germany. "Some have argued" that the earth is flat, that the Holocaust never happened. We don't give wall space in national museums to such "controversies."

THE ESSENTIAL if undeciphered judgment of the authors of this commemoration is that we should never have dropped the bomb. Not just because of the simply displayed horror but because other measures "would probably have forced a Japanese surrender." ("Would probably" is now changed to "might.")

These kinds of cozy, easy judgments made at the safe distance of 50 years and 11,000 km. have earned the deserved contempt of those like Paul Fussell, author of classic critical studies of World War I and World War II, who were there. Writing on the 36th anniversary of Hiroshima, he pointed out the horror and cost of the alternative to the bomb, the planned invasion of Japan.

"On Okinawa, only weeks before Hiroshima, 123,000 Japanese and Americans killed each other." Moreover, "invasion was not just a hypothetical threat.... It was genuinely in train, as I know because I was to be in it." Fussell was a second lieutenant, preparing to be shipped to the Pacific for the invasion of Honshu. The bomb meant "we were going to live, we were going to grow up to adulthood after all" - and so would hundreds of thousands of others, American and Japanese.

The Air and Space commemoration of Hiroshima promises to be an embarrassing amalgam of revisionist hand-wringing and politically correct guilt. What to do? Gen. Paul Tibbets, the man who commanded the *Enola Gay*, has the right idea: Hang the plane in the museum without commentary or slanted context. Display it with silent reverence and a few lines explaining what it did and when.

Or forget the whole enterprise and let the Japanese commemorate the catastrophe they brought on themselves.

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Who Will Buy?

Plutonium For Sale. Call 1-800-TERROR

By CRAIG R. WHITNEY

AS the French authorities were announcing the arrest and extradition from the Sudan of the long-sought Marxist mercenary known as Carlos, the German authorities last week were demonstrating just how short-lived, if not chimeric, this victory over terrorism was likely to be: They disclosed that an international gang of smugglers had been peddling for \$250 million nearly nine pounds of plutonium-239 from Russia — quite possibly close to enough for a nuclear bomb. This time, the smugglers actually delivered more than half a pound of it to police undercover agents posing as potential customers.

The end of the cold war was the undoing of Carlos and of the Marxist ideology that motivated him, and it lifted the threat of global nuclear war. But it also unraveled the repressive security system that kept close check on Soviet nuclear weapons and the fissionable material that goes into them. Now, paradoxically, freedom could soon give terrorists or the maverick states that support them the possibility of acquiring the massively destructive power they never had a chance of getting in a bipolar world.



Plutonium confiscated in Germany.

Today's terrorists do not have to content themselves with hand grenades and Kalashnikovs as Carlos did. They have access on the arms market to Stinger anti-aircraft missiles originally supplied to the Afghan rebels by the Central Intelligence Agency, night scopes, infrared sensors and lately, thanks to the lure of million-dollar profits for underpaid and demoralized Russian and other ex-Soviet scientists and security guards, maybe even atomic bombs.

The Money Motive

"The nature of terrorism is entirely different in the 1990's than it was in the 1970's when Carlos was active," said John Christie, the British publisher of the Gulf States Newsletter, which has extensively examined the phenomenon. "What you have now is a unique threat from Islamic fundamentalist groups, supported by Iran and other countries, that want to turn the clock back. They are fanatical, they see the West as evil, and they have unlimited access to money."

And money is the primary motive driving the shadowy network of ex-Soviet scientists, security operatives and swindlers who are behind the growing trade in radioactive materials. They have been turning up in Germany, Austria and Switzerland by the hundreds, offering deals that until recently have usually turned out to be empty swindles.

But on Aug. 10, a 39-year-old Colombian former student in Moscow named Justiniano Torres flew into Munich's international airport from Moscow with a lead-shielded cylinder containing a plutonium-uranium mix including 10.6 to 12.3 ounces of 87-

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Gov. Mario M. Cuomo was the center of attention in Queens on Election Day 1990, when he won his third term as Governor.

Growing Old, Politically

It's the Voters Who Seem to Get Cranky

By KEVIN SACK

LESS than three years after spurning a chance at Presidential immortality, Mario M. Cuomo, the man so often cast as New York's Hamlet on the Hudson, now risks the humiliation and abandonment of Lear.

In neighboring New Jersey, meanwhile, the state's freshman Governor, Christine Todd Whitman, once scorned as a lightweight candidate, suddenly finds herself mentioned as a possible 1996 Vice Presidential hopeful after pushing a groundbreaking income tax cut through a sympathetic Legislature.

One New Jersey poll showed that as constituents came to know Mrs. Whitman between February and June, her approval rating jumped from 37 percent to 50 percent. Another poll measured her approval rating at a stunning 78 percent in May.

Mr. Cuomo's ratings, by contrast, sat at 36 percent last March, near his all-time low, and less than half the 77 percent approval of January 1988. After skillfully using

Some officeholders are able to age gracefully, like good wine. Others go sour. Or the public goes sour.

his incumbency to scare off major challengers in 1986 and 1990, he now faces a tight race against George E. Pataki, an obscure Republican State Senator. Mr. Pataki's only administrative preparation for running a state of 18 million people came as Mayor of Peekskill, a city of fewer than 20,000, and pollsters believe his support largely reflects anti-Cuomo sentiment.

The contrast between the confident verve of New Jersey's new Governor and the uncharacteristic defensiveness of New York's longtime leader speaks volumes about the life span of American politicians.

In politics, as in sports, luck plays a part. But both games also thrive on a sense of expectation, possibility and style, all of which are highly perishable commodities. At 62, Mr. Cuomo is no longer a might-be President, but a might-have-been. People can tire quickly of might-have-beens.

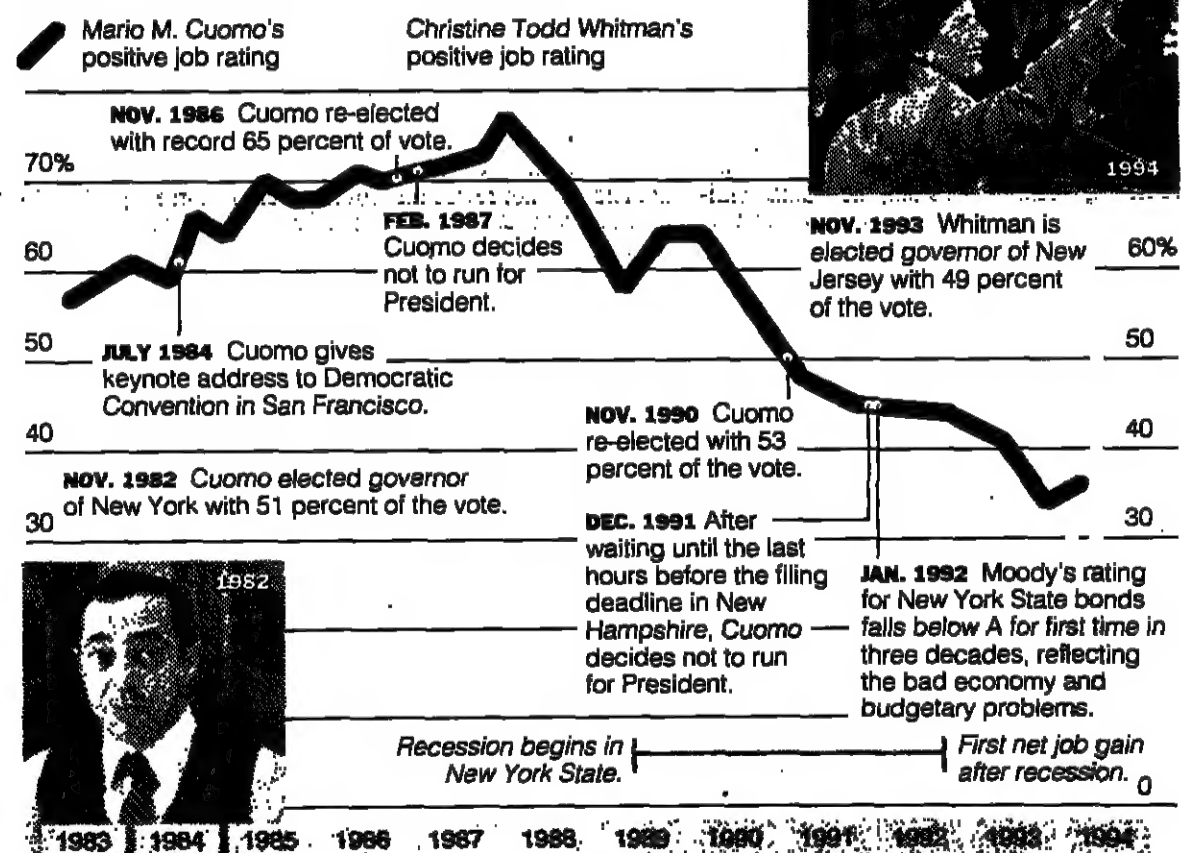
And over time, any style — be it brassy or professorial, smooth or rough-and-tumble — can turn to stick, at least in the jaundiced eyes of the voters.

If political popularity is made up of components like longevity, economic conditions, governmental activism, ideology, national prominence, personality, and ability to explain accomplishments, Mrs. Whitman has all the variables working in her favor. Mr. Cuomo, on the other hand, seems to be fighting against each force.

The distinction could have a direct impact on Mr. Cuomo's campaign. Political analysts believe that the

Familiarity Breeding Contempt?

Percentage of each state's adult population that said that their governor was doing an excellent or a good job.

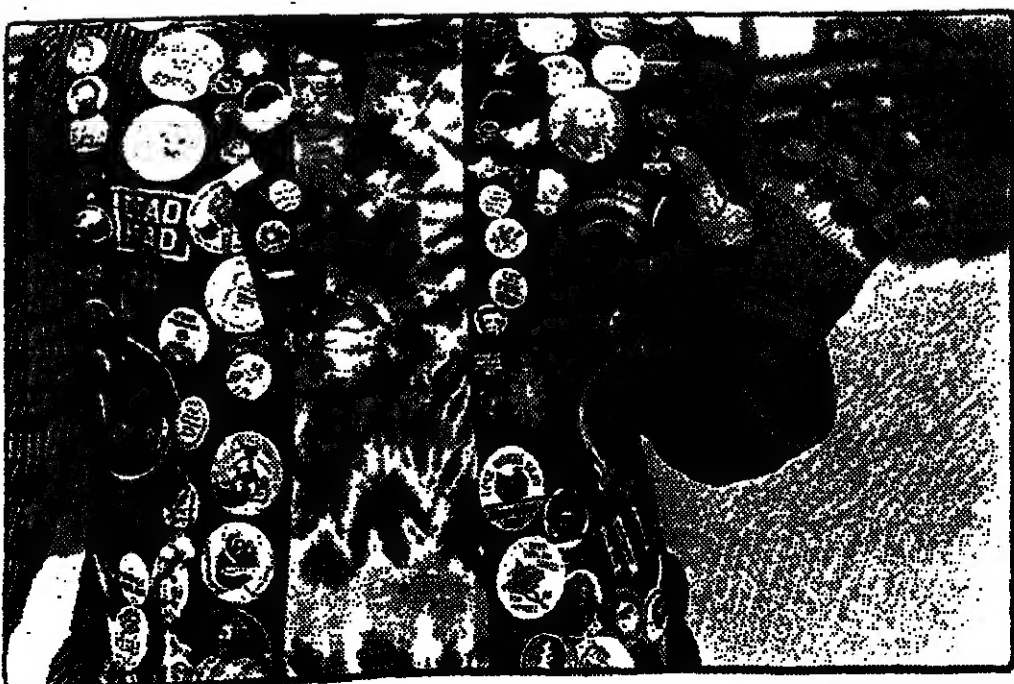


The New York polls were conducted by the Marist College Institute for Public Opinion, and involved telephone interviews with registered voters around the state. The most recent survey was conducted Feb. 28 through March 1 with 706 people and has a margin of sampling error of plus or minus four percentage points.

The New Jersey polls were conducted by The Newark Star-Ledger/Eagleton Institute, and involved telephone interviews with adults around the state. The most recent survey was conducted June 14 through 22 with 800 people and has a margin of sampling error of plus or minus four percentage points.

The New York Times

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David Rae Morris/Impact Visuals

Pop Pilgrims
Finding meaning in the mud and spiritual communion in the notes of a good bass line.

By Douglas Martin

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Handle With Care
Should Democrats, attacked by the religious right, turn the other cheek?

By Richard L. Berke

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Inflationphobia
While the United States worries about rising prices, Europe is obsessed with them.

By Peter Passell

3

The Nation

Is Suffering in Silence The Democrats' Cross?

By RICHARD L. BERKE

FUNDAMENTAL instinct in politics is knowing when to fight and when not to. The rules seem simple enough: Fight when a rival may be hurting you, or when his attacks are too vicious to overlook. Otherwise ignore them. It would seem pretty hard for the Democrats to ignore how religious conservatives have increasingly come to dominate Republican Party machinery at the state and local level. And if a conservative religious leader with a significant following calls the Demo-

cratic President a liar and a murderer, retaliating would seem the obvious course. But in these days of religious politics and political religions, it isn't that simple anymore. Democrats are deeply divided on whether going after the Christian right offers opportunity, danger or both.

Maybe salvation does lie in turning the other cheek.

When Representative Vic Fazio, chairman of the Democratic Congressional Campaign Committee, lashed out several weeks ago at a "fire-breathing Christian radical right," he set the party line for a series of attacks that included President Clinton's angry denunciation of the Rev. Jerry Falwell and Rush Limbaugh, whose talk show has become a forum for the most biting attacks on Mr. Clinton and the Democrats.

Mr. Fazio and others think they know whom they are talking about when they use phrases like "radical Christians" or "the Christian right." They see xenophobic zealots who are trying to put women back in their

places, gay people back in the closet and Republicans back in the White House. But they risk giving wider offense, especially to other Christians who may be on the conservative side — and may even be Democrats.

"This business of bashing the religious right inspires a certain fear in people," said John C. Green, a political science professor at the University of Akron, who is an authority on politics and religion. "What if it's interpreted as bashing religious people? That could be a real big problem for Democrats."

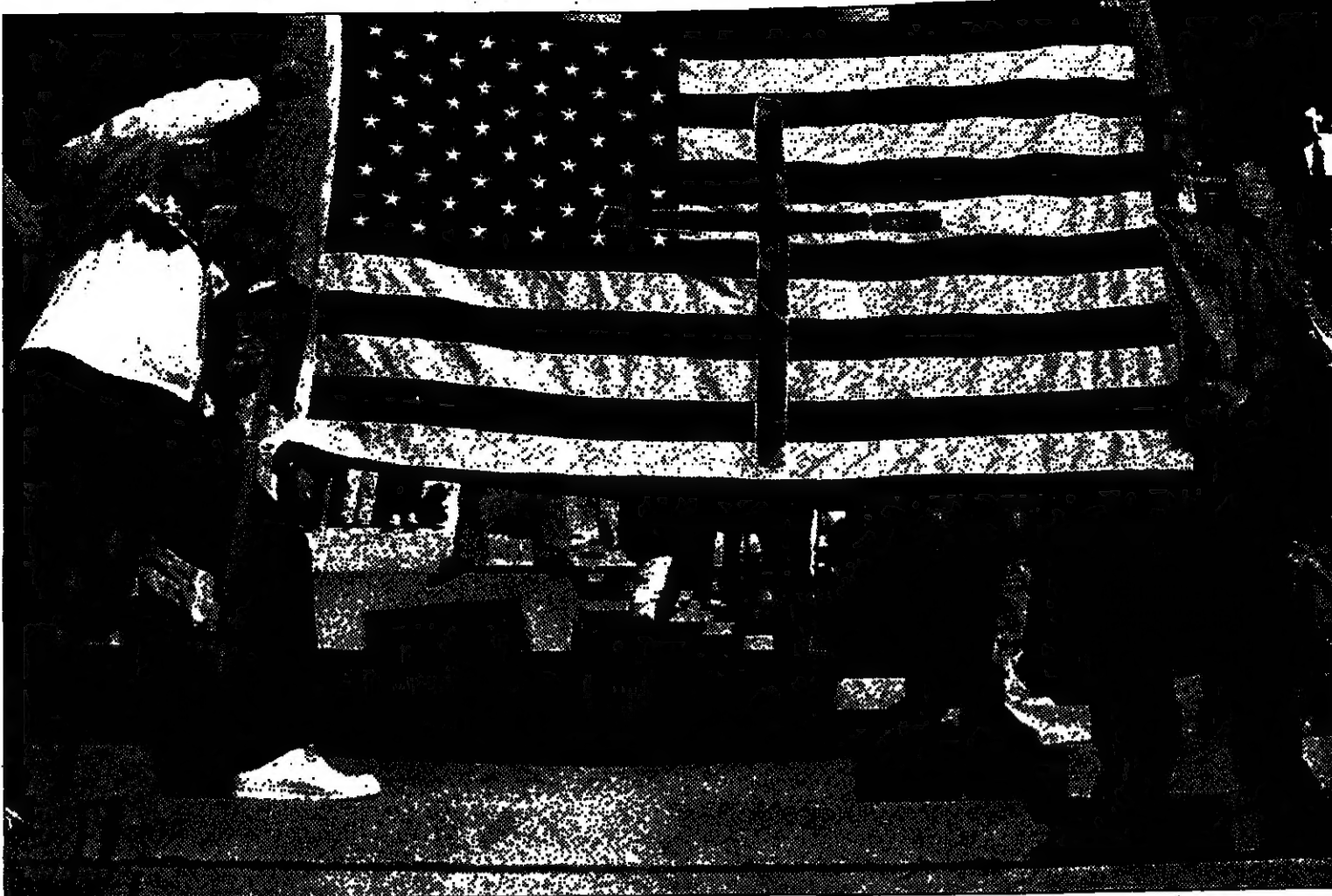
But in a confidential memorandum outlining how Democratic incumbents can "mobilize their base against the Republicans" in the election, Stanley Greenberg, the White House pollster, saw only opportunity. He concluded that Democrats have more to gain by attacking the religious right as extremists than Republicans have to gain by painting Democrats as undermining family values.

An important bonus, Mr. Greenberg advised, was that an attack strategy would help Democrats win over the people who voted for Ross Perot in 1992 and have since refused to budge from their plague-on-both-your-houses stance. "The radical right issue also allows Democrats to make gains among independent voters," Mr. Greenberg asserted, "particularly independents and Perot voters, college graduates, under-30 voters, younger and college-educated women."

An Earlier Predicament

Mr. Greenberg is confident, but some Democrats fear his strategy could offend churchgoing Democrats, especially in the South and the West, where evangelical groups are concentrated. The latest New York Times/CBS News Poll found people who identify themselves as conservative Christians are as likely to be Democrats as Republicans.

The dilemma for the Democrats is reminiscent of the predicament of Republicans in the 1970's, when blacks became more active in Democratic politics. While the Republicans did not want to be seen as racist, they sought to capitalize on the divisions the black newcomers brought to the Democratic Party,



At a rally for school prayer in Jackson, Miss., last year, an American flag with a cross in it was displayed at the state Capitol.

ty, particularly in the South. "Democrats shouldn't attack anything using the words 'religious' or 'Christian' or 'we're going to get ourselves into trouble,'" said Brian Lund, a Democratic political strategist who argued that some voters will misinterpret attacks on leaders of the religious right as aspersions on churchgoing people of whatever party.

Mr. Lund dismissed the idea that such attacks would energize lethargic Democrats. "Why pander to our base? People who have a problem with the religious right are already going to vote for us."

Former Gov. L. Douglas Wilder of Virginia, a Democrat who is making an independent bid for Senator, said he has seen candidates lose elections, particularly in the South, after criticizing the Christian right.

"The Democrats make a big mistake by highlighting this issue and then saying, 'Let's

push all of these people over to the Republican ranks,'" Mr. Wilder said. "They all don't belong to the Republican ranks. Jimmy Carter showed that when he ran and was elected President."

While the party line among Washington Democrats is still to attack, some political professionals take Mr. Wilder's point. One is Don Foley, executive director of the Democratic Senatorial Campaign Committee, whose committee declined to join Mr. Fazio in condemning religious conservatives. "We have not felt that that was an appropriate role for us to take on," Mr. Foley said.

In one reflection of how the political winds are read outside Washington, Representative Scotty Baesler, a Bible Belt Democrat from Kentucky, has denounced Mr. Fazio's remarks and pledges to accept no money from Mr. Fazio's group.

Mr. Fazio said he is sensitive to the risks of

backlash and has cautioned the party faithful to revive the 1950's attack phrase "radical right" instead of "religious right."

But he and other establishment Democrats in Washington make no apologies for portraying these Christian conservatives as villains. One of their biggest targets is Mr. Falwell, who has produced and sold a videotape asserting that the Clintons arranged the murder of an Arkansas man who purportedly had a file documenting extramarital affairs of the President.

"As a person of faith," said Paul Begala, a White House political adviser, "I am not offended by the religious views of Jerry Falwell or Pat Robertson. I am offended by their political views. Jerry Falwell accuses our President of murder, and with a precious few exceptions no major Republican had the courage to take him on. Where is Bob Dole?" Shrewdly sitting on the sidelines?

You're as Old As the Polls Make You Feel

Continued from page 1

mixed. His pure political talents probably are unmatched in any statehouse in the land. His energy and enthusiasm for his work have not waned. Remarkably, his administration has been untouched by major scandal.

And yet many voters apparently believe he has done little to improve their lives. Unlike Mrs. Whitman, who rules a state where both houses are controlled by her party, Mr. Cuomo has had to struggle continuously against a divided Legislature. And each decision he has made over 12 years has helped construct a "coalition of the disaffected," in the words of Stephen A. Salmore, a Republican political consultant in New Jersey.

Furthermore, many New Yorkers say in interviews that they simply have grown weary of Mr. Cuomo. His distinctly New York combination of grandiloquence and gratuitous combativeness, which so enthralled the Californians and Iowans who see him occasionally on television, has worn thin at home. His media consultant, David Garth, has yet to include Mr. Cuomo in any of the campaign's television commercials.

Lingering effects of New York's recession have only fed discontent. New York lost more than 570,000 jobs from June 1989 to September 1992, almost 7 percent of its job base, according to the Federal Bureau of Labor Statistics. It has significantly lagged behind the national recovery, gaining back only 17 percent of its loss.

Coincident with the recession, Mr. Cuomo made himself something of a lame duck on the national stage by taking himself out of the 1992 Presidential race, as he also had done in 1988, and by rejecting a possible appointment to the Supreme Court. (Lee M. Miringoff, a New York pollster who has measured Mr. Cuomo's popularity since he took office, has long believed that the Governor's approval ratings were inflated during the late 1980's and early 1990's by his national prominence.)

Lastly, Mr. Cuomo says he has been harmed by his

The people can get comfortable with a political leader, or they can get tired.

decision to address dozens of issues rather than building a single legacy, an approach he shares with President Clinton. Mrs. Whitman, by contrast, has focused on a single, popular issue — tax cuts. "She came to office promising to cut taxes and not do anything else, and she's kept both promises," said Mr. Salmore.

Pollsters and political scientists also believe that Ms. Whitman has benefited from her accessible personality and her serene style. Plus she took office as New Jersey's economy was recovering, and faster than New York's. But New Jersey pollsters warn that Ms. Whitman's popularity could be fleeting, and her staying power far less than Mr. Cuomo's. She paid for the first installment of her promised 30 percent cut in income taxes partly by raiding employee pension funds, and it remains to be seen whether cuts in services will force local governments to raise property taxes.

Furthermore, New Jerseyans may remember that another freshman governor was hailed in his first year as a potential Presidential candidate. But by the time Jim Florio ran for re-election in 1993, he was so unpopular that Mrs. Whitman beat him with a campaign that was considered laughably inept until its final weeks. Whether Mrs. Whitman learns from that history lesson may determine how tiresome the voters find her in 1997.

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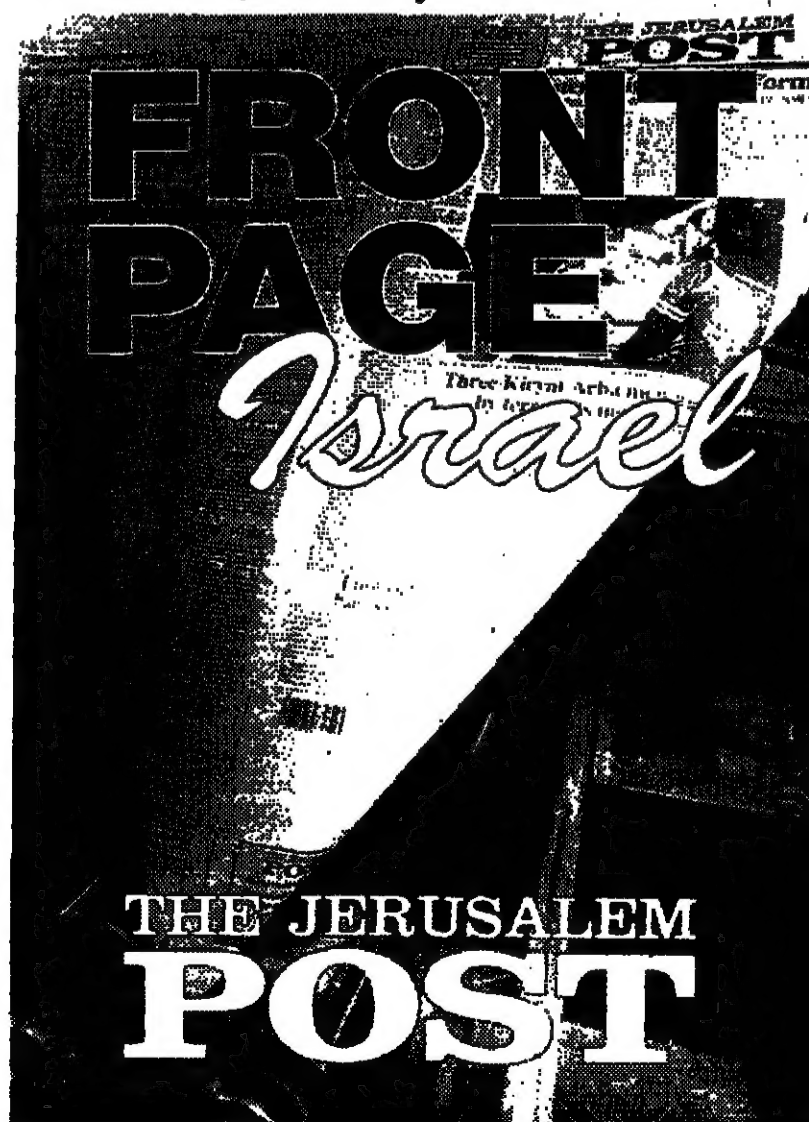
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Ideas & Trends

For Today's Pilgrims There Is No End of Holy Grails

By DOUGLAS MARTIN

ON Feb. 2, 1959, the Surf Ballroom in Clear Lake, Iowa, hosted a "Winter Dance Party," featuring the talents of Buddy Holly, the Big Bopper and Ritchie Valens. Early the next morning, their chartered plane crashed east of town, killing everyone. The tragedy lives on in legend as "the day the music died," and a steady stream of visitors from around pays homage at a small memorial outside the Surf.

The visitors come as pilgrims, defined by Webster's as "a person who travels about, a wanderer." But pilgrims are more than tourists. For their enterprise to make sense, there must be a destination, a goal: communion with one's beliefs and aspirations. Muslims must make the Haj to Mecca. Hindus journey to Benares, Jews and Christians to Jerusalem, theosophists to Walden Pond. In Russia, literary pilgrims visit Pushkin's grave on his birthday to hear each other recite his poetry.

But pop culture has taken the pilgrimage and remade it to fit its particular sensibilities. In earlier centuries, pilgrimage was more often than not a solitary experience. These days, pilgrims tend to travel in packs. And Americans have become especially efficient in spiritual questing. Appointments with deeper meaning are scheduled in the summer when school is out and the weather is good, preferably on weekends. Our souls hanker for nourishment within driving distance.

Indeed, as we sputter toward the millennium, some of the most noted pilgrimages seem to be pop culture rituals, a way of coming of age in a post-McLuhan world. Children alarm their parents by announcing they are going to take off sophomore year of

The new nirvana: Taking off sophomore year to travel with Lollapalooza or the Grateful Dead.

college to tour with the Grateful Dead. Lollapalooza, the traveling rock extravaganza, draws stadium-sized crowds from one end of the country to the other as the MCA record scrambles to forge a collective identity.

The hunger is for meaning, a sense of place in a land where the wind blows and the radio blares and maybe, just maybe, there is something unimaginably cool over the next hill.

"Are you lonesome tonight?" Elvis Aaron Presley croons, and suddenly we're in Memphis with all the people who miss the King, of whom 40,000 were in town last week to mourn the 17th anniversary of his death. All night long they held candles.

Elsewhere on distant blacktop, a roar builds. It is a pack of Harley-Davidson hogs, the music is "Born to Be Wild," and the destination is Sturgis, S.D., home of America's biggest motorcycle rally. Last Sunday, more than 170,000 bikers wrapped up a week of races and tall tales to end their 54th meeting.

And a couple of generations — some riding airplanes from the West Coast, some riding their thumbs from wherever — went to Woodstock last weekend. Most, a quarter of a million strong, paid \$135 each to attend an intricately staged musical event near the town of Saugerties, N.Y., and got such modern concert conveniences as automatic teller machines. But the best amenity turned out to be acres of oozing, squirmable mud.

Arguably, though, the real pilgrims went to an improbable party in a cow pasture near Bethel, the site of the original 1969 Woodstock



Keith Meyers/The New York Times



Dennis Blinder/Impact Visuals

Top, a couple at the Woodstock festival in Saugerties, N.Y., last week. Left, partying at a stop on this summer's Lollapalooza Tour. Below left, Elvis fans gather in Memphis each year to commemorate the anniversary of his death. Below, skinny dippers in Bethel, N.Y., at the concert held at the original Woodstock site.



Associated Press



Suzanne DeChillo/The New York Times

concert. Thousands trudged down a country road in total darkness to a countercultural concert that had been officially canceled a week earlier. Some came because their lives had been touched by magic at the first Woodstock, and some because they had been too young for that.

"I want to be a hippie forever," said a 20-year-old Connecticut woman who would identify herself only as Kellie and aspires to travel with the Dead.

Others came because they come every year, saying they seize a spiritual power from the land itself. They put up teepees and bang Indian drums and build campfires and

'I want to be a hippie forever,' said a 20- year-old who trekked to the original Woodstock site.

gather energy for another year in a complicated world. They would be perfectly happy with no star attractions, but what they got this summer was a heavenly.

For the same reasons that graying veterans of the Woodstock Nation come "back to the garden," in the words of a Crosby, Stills, Nash and Young song, so came the minstrels they dance to. For the price of a hike and a smile, such performers as Richie Havens, Arlo Guthrie, David Amram, Country Joe, Melanie, Paul Winter, Sha Na Na, Peter Yarrow and Canned Heat played on very short notice on a pilgrimage of their own.

Mr. Havens, whose rendition of "Freedom" was one of the original festival's jewels, worked mightily to make it happen, working the phones urging musicians to come for free. He vowed that he would play Woodstock, even if that meant sitting in a field by himself with a guitar.

Such a pilgrimage transcended other events that brightened America's summer last week, including the World Championship Mosquito Calling Contest in Walcott, Ark., and the Montana Cowboy Poet Gathering in Lewistown. Serious quests require a deeper faith. As Jack Kerouac wrote in "On the Road," a chronicle of one of history's more frenetic, zig-zaggy pilgrimages: "Somewhere along the line I knew there'd be girls, visions, everything; somewhere along the line the pearl would be handed to me."

Purity Is Paramount

For Elvis's fans, his spirit is the pearl, and each year they return to Graceland to polish it. Over the week that ended last Tuesday, they got bused to the King's boyhood home in Tupelo, Miss., toured his junior high school, danced a new Elvis line dance, and ran a five-kilometer road race. The candlelight vigil was free.

When it comes to pilgrimages, purity is paramount, or at least its appearance. Carol Schops, 20, a production assistant for a book publisher, said she wanted to believe in Lollapalooza but fears it has become too commercial. "People my age don't feel like it's theirs anymore," said Ms. Schops, who thinks the Grateful Dead, a generation older, may be all that is left in the way of unspoiled seeking.

For some, the Bethel Woodstock resounded with a feeling of mission. Jimmy Mack, who plays bass for Mr. Havens, said he was 17 at the time of the 1969 festival and had arranged to fly there from California with some musician friends. But his parents came home 10 minutes before he was set to leave, and forbade him to go. That was the year he started playing the guitar. "I've been working for this for 25 years," he said shortly before going on stage.

Europe, Too, Contracts a Bad Case of Inflationphobia

By PETER PASSELL

THE dilemma is a familiar one. Higher interest rates mean less growth, but also less chance that the inflation monster will escape from the box. Will another turn of the screw keep the economy in trim or choke off recovery?

Like their American counterparts, Europe's government bankers are groping with the same imponderables that affect everyone with a stake in the ongoing miracle of postwar Western affluence. And like the governors of the Federal Reserve, the gnomes of Zurich and other European capitals are inclined these days to err on the side of fiscal and monetary prudence.

But there is a big difference. The American economy has been chugging along briskly for at least a year, and the numbers suggest it is operating near capacity. The European economies, by contrast, are just climbing from the doldrums and could easily slip back. What's more, much of Europe is coming out of recession with rates of unemployment that would send sober midwestern Jaycees to the barricades.

Even though Europeans are "sick over chronic unemployment," says Richard Freeman, an economist at Harvard, the "accepted wisdom" simply will not permit governments to take chances with inflation. Michael Saunders, an economist for Salomon Brothers in London, predicts that Britain is poised to tighten credit in spite of 9 percent joblessness.

Why are the politics of inflation versus growth and unemployment so different on the two continents? The hyperinflation of the early 1920's, which wiped out the savings of Germany's lower middle class, has been widely interpreted as the fateful blow from which the democratic Weimar Republic never recovered. But the rest of Western Europe, which experienced its share of inflation in the postwar decades, also has strong feelings on the issue, viewing price stability as a sign of arrival among the world's economic elite. "A tremen-

Bad memories of the 1930's linger, and unemployment hurts less than it might.

dous investment has been made in fighting inflation," notes Georges de Menil, a senior editor of the European-based journal Economic Policy, and such hard-won victories are not casually sacrificed.

Less appreciated on this side of the Atlantic is the political trauma associated with France's last attempt to march to a different economic drummer. When France's new Socialist government attempted to use fiscal stimulus to rouse the economy from its stupor in the early 1980's, the rush to escape to other currencies forced a humiliated Paris to devalue the currency and to reverse its policy overnight. "The message came through loud and clear that go-it-alone Keynesianism was no longer possible," explains Mr. de Menil. A country proposing to take radical economic action had better have the support of the other European powers.

If that message was strong in 1983, it is even stronger today. Indeed, the search for the Holy Grail of European monetary union turns on the conviction that European policymakers must act as one — which as a practical matter means acting as conservatively as the powerhouse German and French economies.

And even if there were a general accord that stimulus was a good idea, the options are far more limited than a year ago. The 1993 Maastricht accord requires countries joining the monetary union to limit government budget deficits to a narrow range. The unintended effect, says Mr. de Menil, is to rule out big tax cuts or spending increases as a catalyst for collective growth.

Even so, unemployment rates in Europe are at levels that would not be tolerated in America, no matter what else was at stake. Italy's jobless rate exceeds 11 percent; France, Belgium and Spain are coping with 12 percent, 14 percent and 24 percent respectively. Robert Hormats, the vice chairman of Goldman Sachs International, argues that inflation-fighting policies can be maintained in this climate because "the politics of unemployment are radically different." When the unemployed are neither stigmatized nor denied a tolerable living standard, they are less likely to complain.

But perhaps the most striking difference between Europe and America is Europeans' deep pessimism that the macro-economist's potions can cure what ails their economies. Fiscal and monetary stimulus work by

putting money into people's hands, thus stimulating demand for what could be produced in underutilized factories and offices. But in every economy there are barriers — institutional rigidities that constrain growth and feed price increases before everyone is back on the payroll. And those barriers are much higher in Europe.

In Britain, for example, a lack of free market rental housing prevents the unemployed from simply going where the jobs are. In Eastern Germany, fierce unions prevent wages from falling to levels that match productivity. And in France, a minimum wage three times as high as America's deters employers from taking on the unskilled.

That leads most European economists to focus on removing these "structural" causes of slow growth and

high unemployment through deregulation. And insidiously, notes Mr. de Menil, this approach inhibits those who would attack joblessness through macroeconomic measures such as low interest rates. Lowering unemployment, it is believed, would make it yet more difficult politically to attack the perks of the winners — those who benefit, for example, from union power or rent control, while dragging down the rest of the economy.

That explains why the European economic wisdom of the hour is "deregulate, make yourself more like the U.S.," says Mr. Freeman. But it also makes it a safe bet that Europe's inflation police will step on the brakes long before the European economies hit full speed.



Thomas Kerr

The World

Aid Agencies Hope to Enlist Military Allies In the Future

By JANE PERLEZ

TO those who were old hands at dealing with human disasters, the rapid descent of a million Rwandan refugees onto this God-forsaken stretch of land had a depressingly familiar initial result: Many died before relief arrived.

But disease and death, for all their seeming relentlessness, were finally slowed in large part by the same sorts of military skills that distinguished the allied victory in the Persian Gulf war: the ability of military personnel to organize the supply of water, shelter, sanitation, medicine and food for vast numbers of people over great distances under challenging conditions.

So now that they are able to cope with, if not overcome, the Rwandan crisis, relief officials are taking a lesson from the tragedy of the Hutu and Tutsi refugees. What the world's relief agencies need, they now believe, is more logistical support from the world's armies.

Relief experts have in mind not so much the high-profile, and risky, French military presence in Rwanda, which is to end tomorrow with the withdrawal of 2,000 troops from the safe haven they set up in the west (although they are being urged to stay to continue to provide security inside the country and thus discourage a new exodus, which already appears to be under way).

Rather, the experts are more encouraged by the success of the discreet non-combat support provided here by the Americans, Irish, Israelis and Dutch.

Big Help

The Americans in July sent more soldiers to Goma than any other nation — just over 200 with a backup of nearly 900 at Entebbe, Uganda, running an airlift. The soldiers here have provided water, bulldozed campsites and helped with other heavy-duty logistical tasks.

Other countries contributed as well. Israel sent soldiers to set up a field hospital for worst-case surgery. Nearly 100 Dutch soldiers were dispatched with vital equipment including heavy-duty trucks to support Dutch doctors and nurses of the agency Doctors Without Borders. And the Irish sent 25 troops to work with two Irish relief agencies, Concern and Gael.

The success of these efforts has led some to wonder why such responses aren't more common, given the world's many relief crises. Dr. Michael Toole, coordinator of overseas emergencies for the Centers for Disease Control in Atlanta and a veteran of numerous disasters



Top, French soldiers started handing over humanitarian safe zones in Rwanda last week to Ghanaian U.N. troops. Above, a French soldier distributes drinking water to Rwandan refugees near Goma, Zaire.

over more than a decade, asked: "Why do we have to respond from scratch every time? Why not have a rapid response humanitarian relief force made up from armies that could provide support to the United Nations Department of Humanitarian Affairs?"

Some governments would no doubt respond to Dr. Toole's proposal warily. There is the obvious caution that, for their own safety, Good Samaritans — military

as well as civilian — should not be seen as participants in the conflicts underlying such disasters. The United States learned that lesson the hard way when its peacekeepers became entangled in Somalia's war of warring clans (though the refugee crisis touched off by the Gulf war, it freely chose to side with the Kurds against Saddam Hussein, and still does in protecting their enclave). In Zaire, the Irish and Dutch are even more low-profile than

the Americans, for their military personnel work out of uniform.

The agency that the United Nations relies on to save lives acknowledged from the outset that it was overwhelmed by the scale of human suffering in Goma.

"To me it was clear when I landed that we needed military help," said Philippo Grandi, the emergency coordinator for the United Nations High Commissioner for Refugees, who arrived in Goma in mid-July soon after the bulk of the Hutu refugees streamed here in the face of advances by Tutsi-led rebels, who eventually ousted the government in Kigali.

President Clinton agreed to send an American contingent, but armies don't deploy in a flash, especially when the national interest is not at stake. "The mobilization took longer than I would have liked, but once it arrived it solved many problems," said Mr. Grandi.

American soldiers did not begin work in Goma until July 28, 11 days after the bulk of the refugees arrived and

Army units may be able to provide unsurpassed logistical support in the battles against starvation, disease and death.

seven days after the outbreak of cholera. But soon they were pumping water from Lake Kivu, putting it in tankers and delivering it to the camp. By Aug. 12, instead of having to walk more than 24 miles or wait for up to 12 hours for a dribble of water, most refugees had access to the minimum daily survival ration of five liters.

To foster mutual understanding between relief workers and officers, Maj. Richard Hooker of the United States Army was dispatched to the United Nations' Goma office. "We plug into the refugee agency and allow them to determine priorities," said Major Hooker, who served in Somalia.

Last week, Major Hooker was telling Mr. Grandi that American forces had sent 90 tons of medicine from Germany. From Uganda, the Americans would be flying in 400 tons of soap. It was up to Mr. Grandi to decide how the provisions would be distributed.

The Pentagon seems to think it has found a winning strategy here. (Somalia aside, there is a happy recent precedent: the American military assistance provided to Bangladesh after a 1991 typhoon.) Three of the military top brass have come to Goma to have a look: Defense Secretary William J. Perry; the Chairman of the Joint Chiefs of Staff, Gen. John M.D. Shalikashvili; and the Army Chief of Staff, Gen. Gordon Sullivan. Yet clearly their view is that such operations should be of limited duration: American soldiers are scheduled to hand their operations over to a contractor by the end of August.

Still, the Pentagon has agreed to leave behind pumping equipment, tankers, and water storage installations, giving the United Nations its first large-scale hardware to deal with future refugee crises on the continent. Now all that's needed, suggest Dr. Toole and others, is a ready-to-go unit of soldiers to operate the gear.

Bomb Fuel For Sale: Dial 1-800-TERROR

Continued from page 1

percent-pure plutonium-239.

He and three Spanish accomplices had told the undercover police agents they were dealing with that it would be the first installment in an 8.8-pound, \$250 million deal; Mr. Torres and two of the Spaniards were arrested when he claimed his black vinyl suitcase with the cylinder inside.

Despite initial denials from Moscow, the German authorities said they were firmly persuaded that the plutonium had originated in Russia, where three plants are known to have been producing the mix experimentally. They also dismissed Moscow's insistence that three smaller samples of smuggled fissionable materials seized by the authorities in unconnected freelance deals over the summer could not have come from Russia.

But the Germans freely admit that they have no idea who is behind the trade at the source, whether in Russia, Ukraine or Eastern Europe. For this reason Chancellor Helmut Kohl sent a senior aide, Bernd Schmidbauer, to Moscow yesterday to enlist President Boris N. Yeltsin's help in an urgent international effort to stop the leaks.

"The cases are piling up on top of each other, and they are becoming increasingly serious," one of Mr. Kohl's officials said.

Just how serious was clear from one of the three earlier cases, that of Adolf Jäkle, an arrested German businessman in whose garage the police found a lead cylindrical container holding a tiny sample of 99-percent pure plutonium-239, the best weapons-grade quality. Investigators are now trying to determine where he got the sample.

But more worrisome was the news that Mr. Jäkle was also in possession of a \$100 million letter of credit. Unconfirmed German reports said the letter was issued by either Iraq or North Korea, giving Mr. Jäkle a commission to buy what the United States and the United Nations have been doing their utmost to deny them.

Many Worries

Either way, there were grounds for concern. North Korea has just agreed with the United States not to try to develop weapons-grade nuclear fuel by itself. Iraq's President, Saddam Hussein, has long sought the bomb for his own purposes, which have also included the support of terrorism against Iran and Israel. Terrorist groups as varied as the Iranian-supported Party of God in Lebanon, the Irish Republican Army or the Ulster Freedom Fighters, and the Basque E.T.A. movement have shown few scruples about whom they target, or about using whatever weapons they can get hold of to strike them.

Some experts think the idea of nuclear weapons in the hands of such groups is far-fetched — but the demonstrated desire for those weapons of some of the states that support terrorist groups is not.

Islamic fundamentalists blew up a van full of explosives in the basement of the World Trade Center in Manhattan last year, apparently simply to try to destroy a hated symbol of Western economic power. Suppose they had had a nuclear bomb instead?

Few Strategies

Nor, despite all the Arab-Israeli reconciliation, are Jews safe from Iranian-supported terrorism even as far away as Argentina, where Iranian diplomats have been charged with helping terrorists blow up a Jewish civic center last month. Iranian-supported guerrillas are still operating in the Sudan; Islamic fundamentalists have nearly succeeded in driving all Western presence out of Algeria and threaten the survival of the military government there, and they are an increasing threat to the stability of Egypt as well.

So what is to be done? Punishing the countries that support terrorism is difficult to coordinate and not usually effective in the short run, and there isn't much time. After Libyan agents from East Berlin allegedly blew up a disco in West Berlin and killed several American soldiers in 1986, the United States bombed Libya but missed its leader, Col. Muammar el-Qaddafi, who retaliated, officials say, by having his agents blow up Pan American flight 103 over Scotland two years later, but has since pulled in his horns.

The United States has tried to get its allies to shun Iran, without much success. Germany, which clashed with the United States in the 1980's when it turned out that despite repeated official denials, German companies had been helping Libya build a poison-gas plant in the desert, simply disagrees that treating Iran like an international outlaw will make it behave any better.

Trying to find and arrest nameless, faceless terrorists before they strike is an almost hopeless cause, which is why the flush of satisfaction brought on by the arrest of Carlos may be illusory.

But keeping them from acquiring the wherewithal to make a nuclear bomb or blackmail an entire country with weapons-grade fuel from the former Soviet Union is possible, provided Russian leaders recognize that they have a security problem and that they let Western experts help them solve it.

That is Mr. Schmidbauer's mission, and judging by Mr. Yeltsin's positive response to a letter from Chancellor Kohl, it may succeed. The entire world has a stake in seeing that it does.

Mexican Elections

Can the 'Revolution' Continue?

By ANTHONY DePALMA

BEFORE the Bolsheviks stormed Moscow or the Fascists Rome, Pancho Villa and Emiliano Zapata had already started shooting to bring down the Government of Mexico. But unlike the revolutions that followed, the Mexican insurrection that began in 1910 was not hoisted on a radical ideological mast. The 34-year dictatorship of Porfirio Díaz that triggered the Revolution had already begun modernizing a poor and backward country. What Villa and Zapata longed for was not an idealistic new society but a return to the certitudes of the agrarian past.

But that doctrineless revolution brought out of its own chaos a system that had more staying power than the more ideological products of Communist and Fascist upheavals. As millions of Mexicans vote today for a new President and congress, the Institutional Revolutionary Party, the PRI, has demonstrated by its 65 years of uninterrupted rule an ability to outlast, if not outmaneuver and defeat, all challengers.

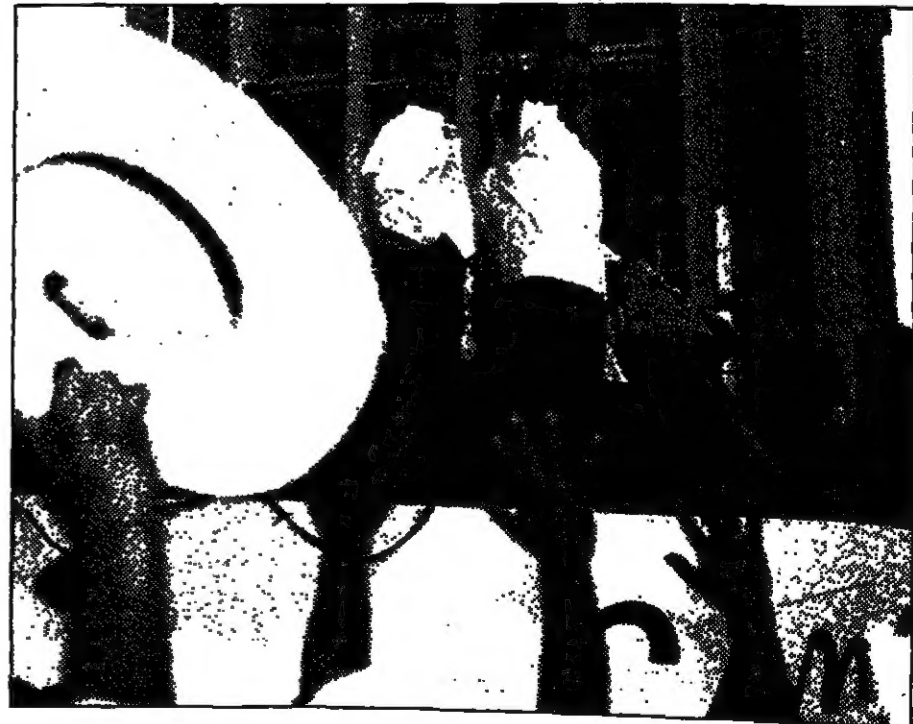
Since the PRI came to power in 1929, it has controlled the Presidency through 11 six-year, unreelectable terms. A victory today would bring a 12th.

In that same 65 years, the United States also has had 12 Presidents, but power has alternated between Democrats and Republicans seven times. Single-party rule never lasted longer than the 20 years under Franklin Roosevelt and Harry Truman or ended sooner than the four years of George Bush, the most recent one-term President.

Conflict, but No Doctrine

The PRI, like the original revolution that spawned it, is not based on a single doctrine, in spite of the raging conflicts in Mexican society between rich and poor, Indian and European, those who want to open the country and those who want to keep it closed. The party's principal philosophy in many ways was nothing more than self-perpetuation, and that lack of any ideological identity may have helped it survive for so long.

It has shifted from right to left like an



The Mexican PRI party presidential candidate, Ernesto Zedillo Ponce de León, campaigned in Veracruz with his son last week.

unusually nimble battleship, responding to the changing political currents. The party of President Lázaro Cárdenas, who expropriated American oil companies in 1938, is also the party of Carlos Salinas de Gortari, who signed the North American Free Trade Agreement with the United States and Canada last year. José López Portillo, who ran unopposed in 1976, nationalized all of Mexico's banks in 1982. His hand-picked successor, Miguel de la Madrid, laid the groundwork to privatize them.

"The Revolution," wrote Octavio Paz of the 1910 event, "without any doctrines (whether imported or its own) to guide it, was an explosion of reality and a groping search for the universal doctrine that would justify it and give it a place in the history of America."

"The Zapatistas," he added, referring to the originals and not to the ragtag army of poor farmers and Indians in the

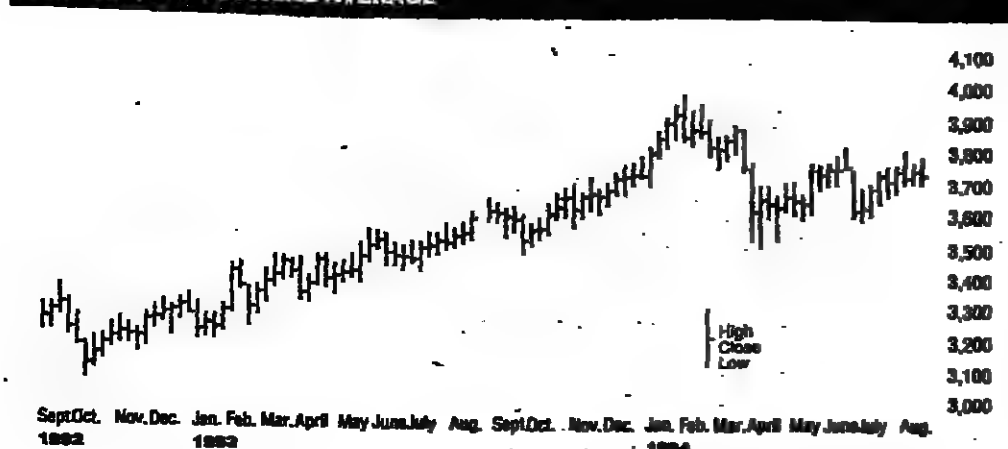
southern state of Chiapas who began shooting last January, "did not conceive of Mexico as a future to be realized but as a return to origins."

While those sylvan origins might have seemed a destiny still within reach of the largely rural nation of 10 million people that was Mexico in 1910, the allure has dimmed for an industrializing nation of 90 million people whose current leaders want to leave the developing world and join the developed one.

Whether the PRI wins or loses today, the turmoil and ideological conflicts leading up to the most contentious and competitive vote in half a century suggests that the work of the 1910 revolution will finally have to be completed. The past no longer an option, Mexico will have to develop a coherent vision of its future, and finally must be able to, as one Mexico City politician said, "describe what it means to be Mexican."

The Stock Markets Last Week

DOW JONES INDUSTRIAL AVERAGE



MARKET DIARY

	NYSE	NASDAQ	AMEX
Advanced	1,424	2,410	388
Declined	1,159	1,978	423
Unchanged	427	918	192
Issues Traded	3,010	5,306	1,003
New Highs	134	217	41
New Lows	151	139	68

MARKET INDEXES

	Close	Chg	%Chg	YTD %
D. J. Indust	3,755.11	-13.60	-0.36	+0.03
D. J. Transp	1,582.20	-18.40	-1.15	-10.22
D. J. Util	187.78	-1.19	-0.63	-18.11
S. & P. 500	463.68	+1.73	+0.37	-0.59
S. & P. Indust	542.91	+4.51	+0.84	+0.50
NYSE Comp	255.81	+1.04	+0.41	-1.26
Nasdaq	742.43	+10.82	+1.48	-4.42
Amex	445.45	+1.75	+0.39	-6.64
Russell 2000	249.69	+2.58	+1.04	-3.44
Wilshire 5000	4,587.60	+24.56	+0.54	-1.51
Value Line	286.75	+2.07	+0.73	-2.89

New York Stock Exchange

MOST ACTIVE				PERCENTAGE GAINERS				PERCENTAGE LOSERS			
Vol. (00)	Last	Chg.	Pct.	Vol. (00)	Last	Chg.	Pct.	Vol. (00)	Last	Chg.	Pct.
Merck	228,821	34 1/4	+17 1/2	PhmRes	9 1/4	+2 1/2	41.8	20Chin	12 3/4	-3 1/2	23.3
TellMax	217,026	65 1/2	+2	Gleason	16 1/2	+4 1/2	40.2	Coastcast	17 1/2	-1 1/2	18.6
GenEl	163,371	47 1/2	+1 1/4	CapcoAuto	13 1/4	+2 1/2	23.3	O Sullind	11	-2 1/4	17.0
IBM	149,183	68 1/2	+4 1/2	Playboy B	5 1/4	+1 1/2	20.0	CompUSA	7	-1 1/2	16.4
WalMart	146,434	24 1/2	+1 1/2	JoyTech	12	+2	20.0	Tadml	16 1/2	-2 1/2	15.1
CocaCl	139,397	43 1/2	+2 1/4	JenCr	5 1/2	+7 1/2	18.9	ContlCp	16 1/2	-2 1/2	11.2
GM	137,112	49 1/2	+1	Atlas	12 1/4	+2	18.6	LongVf	18 1/2	-2 1/2	11.0
FordM	135,594	29 1/4	+1 1/2	CMLs	11 1/4	+1 1/2	18.4	Artra	6 1/2	-3 1/2	10.9
AmCyan	128,720	95 1/4	+3	Knogo	18 1/2	+2 1/2	17.0	TycoTy	7 1/2	-1 1/2	10.5
Compq	126,397	36 1/2	+1 1/4	EmbAnd	25 1/2	+3 1/2	17.2	ShangPet	28 1/4	-3 1/2	10.3
McDoll	125,715	26 1/2	+1 1/2	CareMkt	25	+3 1/2	17.0	Unifon	12 1/2	-1 1/2	10.2
PepsiC	111,651	33 1/2	+1 1/2	Plantmcs	23 1/2	+3 1/2	16.1	Eloar	19 1/4	-2 1/2	9.9
Chryslr	107,974	47 1/2	+1 1/2	Navs	15 1/4	+1 1/2	14.0	ChatHou	6 1/2	-3 1/2	9.8
Johnn	97,530	49 1/2	+1 1/2	USM wt	7 1/2	+7 1/2	14.0	BedPrp	6	-3 1/2	9.4
HomeD	93,904	44 1/2	+3 1/4					HmHolding	9 1/4	-1	9.3

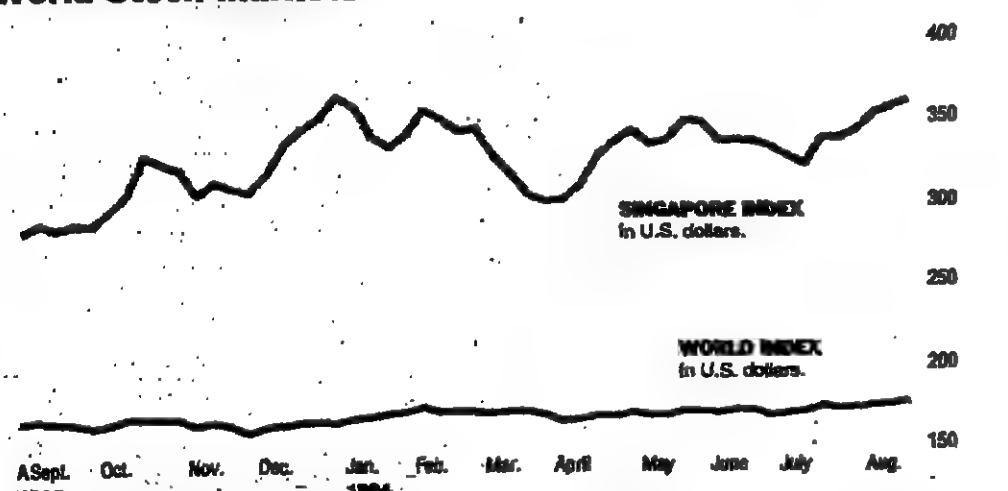
Nasdaq

MOST ACTIVE				PERCENTAGE GAINERS				PERCENTAGE LOSERS			
Vol. (00)	Last	Chg.	Pct.	Vol. (00)	Last	Chg.	Pct.	Vol. (00)	Last	Chg.	Pct.
Cisco s	390,744	22 1/2	+1 1/4	ConceptDir	6 1/4	+2 1/4	78.6	BntyGp	2	-3	60.0
Intel	239,534	63 1/2	+3 1/4	LF Banc	81	+9 1/2	44.2	InfProEq	5 1/2	-4 1/2	45.6
Microsoft	192,889	94 1/2	+1 1/2	ArtRep pl	13	+3 1/2	40.5	Applsr un	4	-2 1/2	38.5
Amazon	159,000	41 1/2	+1 1/2	EtronInt	14	+4	40.0	Intlnk	4	-2 1/2	36.0
Norvell	132,978	15 1/2	+1 1/2	MaximGp	5 1/4	+1 1/2	39.4	InfProEq un	19 1/4	-8 1/4	31.3
MCI	128,115	22 1/2	+1 1/2	AmCinemat	5 1/2	+1 1/2	37.5	BIBAF	6 1/2	-2 1/2	27.8
SatMedic	119,977	7	+1 1/2	SonicSol	9 1/4	+2 1/2	37.0	MGPProd	5 1/2	-2 1/2	27.0
Methuen	112,965	19 1/2	+1 1/2	DSP CapGp	20	+5 1/2	35.6	BIBU	4 1/2	-1 1/2	26.9
3Com	110,011	59 1/2	+7 1/2	CannEx	14 1/2	+3 1/2	34.9	AmrWICr	4 1/2	-1 1/2	26.0
Oracle s	106,463	40 1/2	+2 1/4	EthichH	7 1/2	+1 1/2	32.6	VilGm	5 1/4	-1 1/4	25.0

American Stock Exchange

MOST ACTIVE				PERCENTAGE GAINERS				PERCENTAGE LOSERS			
Vol. (00)	Last	Chg.	Pct.	Vol. (00)	Last	Chg.	Pct.	Vol. (00)	Last	Chg.	Pct.
CheySfr	44,424	10 1/2	+1 1/2	LitlId s	7 1/2	+2 1/2	46.3	AlertCent	4 1/2	-7 1/2	16.7
XCL	24,079	1 1/2	+1 1/2	SFM	22 1/2	+6	36.6	Sunlr	7 1/2	-1 1/2	16.2
SPDR	22,723	40 1/2	+1 1/2	Comptek	15 1/2	+2 1/2	21.0	LaserInd	5 1/2	-1	15.4
InvCp	21,588	20 1/2	+1 1/2	NCdO g	9 1/2	+1 1/2	20.6	GreyLn	4 1/2	-7 1/2	15.2
EchoBy	20,529	11 1/2	+3 1/2	SunOff	16 1/2	+2 1/2	18.8	Ampal	8 1/2	-1 1/2	13.8

World Stock Markets



Prepared by Goldman, Sachs & Co. using data derived from the FT Actuarial World Indices, a measure of stock market performance. The FT Indices are compiled jointly by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

Country	IN U.S. DOLLARS				IN LOCAL CURRENCY			
	Index	% Chg.	Week	YTD	Index	% Chg.	Week	YTD
Australia	174.13	-0.0	20	4.3	13	3.51	158.78	-4.1
Austria	193.81	1.2	9	4.8	12	1.05	155.06	-6.9
Belgium	175.85	-0.2	21	8.1	7	4.02	137.84	-5.1
Britain	201.68	1.5	7	-1.6	20	3.93	193.13	-6.0
Canada	129.65	-1.0	12	-4.5	21	2.62	129.15	-0.8
Denmark	264.33	0.7	14	5.9	9	1.35	219.22	-4.0
Finland	168.98	6.5	1	37.2	1	0.78	179.39	19.8
France	176.09	0.8	13	0.1	17	3.02	145.93	-10.5
Germany	147.75	2.1	6	5.3	11	1.74	118.26	-6.6
Hong Kong	383.58	-0.5	22	-21.6	24	3.18	380.53	-21.6
Ireland	198.01	-1.5	23	6.9	10	3.39	182.83	-1.3
Italy	80.49	4.6	2	17.4	3	1.64	94.42	-7.7
Japan	166.66	1.0	11	28.1	2	0.74	103.74	13.0
Malaysia	560.39	4.1	3	-5.3	23	1.49	550.03	-10.4
Mexico	227.91	3.7	4	-4.6	22	1.59	842.80	3.9
Netherlands	214.04	0.5	17	7.5	8	3.37	168.89	-4.3
New Zealand	70.84	0.5	15	4.3	14	3.81	62.77	-2.6
Norway	208.79	2.2	5	16.2	4	1.72	192.05	4.7
Singapore	364.85	1.1	10	-0.7	19	1.67	252.62	-7.3
South Africa	303.40	0.5	16	13.6	5	2.11	296.42	18.3
Spain	142.02	-1.8	24	1.9	15	4.15	138.82	-8.0
Sweden	215.28	1.3	8	9.6	6	1.82	245.84	1.5
Switzerland	162.77	0.2	19	1.6	16	1.86	130.45	-11.5
United States	189.42	0.4	18	-0.3	18	2.84	189.42	-0.3

COMPOSITE INDEXES

Europe	174.00	1.3	2.6	2.99	155.06	-6.1
Europe/Pacific	174.70	1.1	12.6	1.87	130.63	1.7
World	179.44	0.9	7.3	2.22	161.45	1.1

Source: Goldman, Sachs & Co. Exchange rates as of Friday's London close.
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The Economy

Reform or Not, Here Comes the Latest, Largest Drug Merger

Health reform may come in fits and starts in Washington, but in the private sector it chugs along nicely. Last week saw the biggest drug merger yet, with American Home Products buying American Cyanamid for \$9.7 billion — a heady \$101 a share for Cyanamid, which traded under \$60 just a month ago. American, which makes Advil, Anacin and Dristan, and Cyanamid, which makes Centrum vitamins and Fibron laxatives, have combined sales of \$12.6 billion. The deal will create "significant synergies," said John Stafford, American's chief, and analysts heard in that phrase coming job cuts and other economies. Some fear the horizontal merger, though, saying it is smarter to marry a managed-care company or a strong innovator. Either way, private health reform proceeds apace. Can D.C. catch up? Last week's other news — that I.B.M. urged its 110,000 workers to resist the pending reform bills — won't help.

Largest recent drug mergers.

DATE	MERGERS	VALUE
Aug. '94	American Home Products and American Cyanamid	\$9.7 billion
Nov. '93	Merck and Medco	\$6.6 billion
May '94	Roche Holdings and Syntex	\$5.3 billion
July '94	El Lilly and McKesson PCS	\$4.0 billion
May '94	SmithKline Beecham and Glaxo Pharmaceutical	\$2.3 billion

Inflation Fears: Fed Takes Fifth

February 4. March 22. April 18. May 17. And now, August 16. For the fifth time this year, the Federal Reserve has bumped up short-term interest rates. With the 0.5 percent rise, the central bank spurned the Goldilocks view of the economy — "not too hot, not too cold, but just right" — and focused instead on the nation's brisk second-quarter growth of 3.7 percent and other inflationary signs. But critics, citing the 2.8 percent rise in consumer prices in the past year, say the Fed has needlessly risked jobs and growth. The bank gave them some comfort: It hinted that, if it raises rates again, it won't be until November.

Chrysler's Drive for the Boomers

"Our toughest market" is what one Chrysler executive calls Baby Boomers. "They're on their third or fourth Accord and they're highly satisfied." But Chrysler has a plan to bring the Boomers home when they buy their next compact sedan, the family car of yuppie choice. First came its announcement last week of a \$17,970 base price for this fall's Civic; that's an in-the-ballpark figure for affluent Boomers but well under the cost of Honda's competing Accord and Toyota's Camry. Then comes Chrysler's Boomer-friendly ad campaign — spots in the Brooks Brothers catalogue, with a stress on car safety. Ford will also field compact sedans for richer, younger buyers this fall, and one analyst is impressed. The compacts are Detroit's "biggest threat yet" to Japan, he said.

But What Did They Buy?

Earnings per share for the latest quarter and the corresponding quarter last year.

Company	1994	1993
Wal-Mart	25	22
Dayton Hudson	41	28
J.C. Penney	31	42

Ching, ching, ching. The cash registers rang merrily last quarter for three of the nation's largest retailers. At Wal-Mart — the biggest of all — sales jumped to a record \$20.2 billion from \$18.4 billion in the comparable period last year. At Dayton Hudson, sales grew to \$4.8 billion from \$4.3 billion. And at J.C. Penney, the registers logged \$4.2 billion this year and \$4.0 billion in 1993. When the ringing stopped, the real numbers emerged. Wal-Mart earned about \$80 million more this quarter than in same 1993. Dayton Hudson added \$25 million more, and Penney an added \$80 million. Ah, shoppers.

Japan, U.S. in Patent Accord

As if making a better mousetrap weren't hard enough, U.S. inventors seeking Japanese patents have to file their applications in Japanese. English will soon be acceptable, though, in one of several patent-system changes that Japan and America approved last week in their broad trade talks. The United States promised to publish patent applications before they are granted, for instance, and Japan agreed to act on patent requests within three years instead of the current five. Bruce A. Lehman, U.S. patents commissioner, completed a "brilliant" pact, said one expert.

Spies Only Have Eyes for Cray



Seymour Cray, supercomputer pioneer

Politics has put spies out of fashion, and technology may do the same to supercomputers. But last week the two found some solace together, with the National Security Agency announcing a \$4.2 million contract with Cray Computer for a super spying machine. The deal is Cray's first since computer legend Seymour Cray founded the company in 1988. And some say it may be the last. As one analyst wondered, "Is there any other entity on the planet" besides the N.S.A. that is "interested in a 512,000 processor array?" A second worry: Thinking Machines, another supercomputer maker also hurt by an eroding government market, announced last week it would file for bankruptcy.

Insurance Trouble in Toronto

It's 1990 again, at least in Canada. Confederation Life, the nation's fifth-largest insurer, was seized by regulators on Aug. 11 and approved for liquidation by a Toronto court last week. Shades of four years ago, when two American life insurers similarly troubled by bad investments — Executive Life and Mutual Benefit Life — were also placed under government control after being beset by troubled investments. Except that Confederation — with \$14 billion (United States) in assets as of December — may be the biggest failure; Executive had \$10 billion when it went belly up, and Mutual had \$13 billion. Another difference: Confederation does business not just in Canada, but in America and Britain.

Last Act for Warner Legend

What do Frank Sinatra and Madonna have in common? One — maybe the only — thing is that both were managed by Mo Ostin, the legendary head of Warner Brothers Records, who announced last week that he will retire December 31. Mr. Ostin's long list of successes included Jimi Hendrix, Prince and R.E.M. And no less an industry power than David Geffen, of Geffen Records, joined in singing Ostin's praises. "Music was entirely a New York business until he put Burbank on the map," Mr. Geffen said. Meanwhile, the beat goes on: Mr. Ostin's successor will be Lenny Waronker, now the company's president.

World Markets/Edward Gargan

In Singapore, a Decidedly Malay Accent

If dullness were a virtue, Singapore's stock market would be beatified, which for a country that saw its economy grow 10.5 percent in the first half of 1994 is, at first glance, pretty odd. The problem is that very little of what makes Singapore's economy go is actually payable in the market here, and what is really interesting happens to belong to another country, Malaysia.

"Typically in a period of turbulence, people look for safe havens," said Manu Bhaskaran, the research director at Crosby Securities Pte. Ltd. "Singapore is seen as a safe haven. It's a bit boring, but people feel safe. The government manages things quite well. It's perceived as a lower risk place. It's like a flight to quality."

What isn't boring lies across the border in Malaysia, whose prime companies are listed on a separate exchange here called CLOB — the Central Limit Order Book, Singapore's computerized over-the-counter market for foreign issues.

"Now, 70 percent of the market turnover here is in Malaysian stocks," said Kevin Scully, the research director for Schroder Securities (Singapore) Pte. Ltd. "Stock volatility is much higher in Malaysian stocks. The market is more imperfect in terms of information, but the opportunity to outperform the market is much higher than in Singapore." He paused and chuckled, "I don't like to use the word speculative."

At the core of Singapore's market, which reached its historical peak last Jan. 4 when the Straits Times Index touched 2471.9, has been the lack of correlation between this city-state's phenomenal growth and the structure of its market.

So far this year, the electronics industry, much of it computer peripherals, has driven the economy, with other sectors like banking and ship repair lagging. In the second quarter, Singapore's manufacturing sector grew 14 percent. Unfortunately for individual investors here, and for institutional investors hoping to cash in on the country's growth, the electronics industry is largely owned by American multinationals.

"The big sectors, banking, telecommunications,

property, they don't correlate to economic growth, which is manufacturing. And manufacturing is electronics," said Mr. Bhaskaran. "There is no big stock geared to the electronics sector." Only 1.7 percent of the market capitalization is reflected by electronics stocks.

On Thursday, the Straits Times Index closed at 2347.17. So far this year, the index has fallen by 3.24 percent, but risen in dollar value by 3.71 percent.

Some of the lackluster performance here, as well as in markets like Hong Kong's, is attributable, according to many analysts, to fretting about interest rates in the United States. And some analysts believe that the era of dullness is ready for some buffing.

Ngo Get Ping, a senior vice president at Nomura Securities, mentioned last week's move by the Malaysian Government on foreign capital flows into the Malaysian market. "This is the start of another bull run," he said. "The market is running. I think it will easily break the high of January."

But at the moment, Mr. Bhaskaran said that for the most part, institutional investors, while retaining some presence in the Singapore market, were looking for far more aggressive performers elsewhere in the region. "Institutional investors are obviously interested in a degree of outperformance," he

said. "If you look at Singapore, the P/E is really trading at the high end of the historic trading range, whereas some other markets have come down, Malaysia, Hong Kong, Thailand."

"And second, the economy here is clearly peaking. Growth isn't going to fall precipitously, but it will decelerate. Real interest rates will probably go up sharply next year and after two-and-a-quarter years of very, very rapid rates of economic growth, there are bound to be stresses and strains in the economy that could generate responses from the Government. In that environment, is it worth paying the kind of market multiple that is demanded? I would guess not. So it's not very likely you're going to get outperformance."

Mr

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Keep Health Care Moving

The health care proposal by the "Mainstream Coalition," a bipartisan group of Senate moderates, would leave millions of Americans without insurance. But it would increase coverage above current rates and reform insurance laws so that ill people could not be discriminated against and workers could carry insurance from job to job. The plan is too flawed to be inspiring, but a bill based on this proposal is probably the only one the Senate can pass anytime soon.

The choice, then, is between passing something like the mainstream proposal and passing no bill at all. Because the proposal would do some good and no major harm, it is worth grabbing. It is a valuable first step in an incremental process of reform, and as such it should not be allowed to slip away.

The other option is to junk reform for this year. That would play into the hands of the Senate minority leader, Bob Dole, and the House minority whip, Newt Gingrich, who seem to share no grander vision than to give President Clinton a drubbing before the November elections. If the Republicans pick up seats, then any chance for genuine reform will have been squandered.

The proposal includes many wise provisions. It would prohibit insurers from discriminating against the chronically ill. It would pre-empt state laws that, at the behest of politically powerful physician groups, would stamp out health maintenance organizations. And it would begin to standardize the package of benefits every American must buy — a key to stopping insurers from picking off low-risk customers by artfully tailoring benefits.

The coalition also took the brave step of proposing a tax cap — a limit on the tax deductibility of high-cost policies and another powerful incentive for consumers to seek cost-effective insurance.

The faults are also numerous. The plan needlessly permits uneconomic choices; for example, it allows employers who help pay their workers' premiums to contribute higher subsidies to workers who choose expensive policies. It does nothing to

establish purchasing cooperatives for small employers and individual buyers where private parties do not create them on their own.

But the proposal's worst flaw is that it drops an employer mandate — a requirement that employers help pay premiums — and provides only puny subsidies to help low-income families buy coverage. Premiums for the poor would be paid by government; but low-income families whose employers opt out would be hit with \$5,000 premiums with little or no help from Washington. The proposal would probably raise coverage to only about 92 percent — well shy of its goal of 95 percent.

The attempt to use subsidies, rather than a mandate, to cover the uninsured might well backfire. Some employers might drop coverage and thereby qualify their workers for Federal subsidies. If that happens, costs will soar and Congress will probably be forced to adopt an employer mandate.

President Clinton deserves credit for moving health care to the top of Congress's agenda. But he also bears responsibility for cornering Congress into passing second-rate reform. The first blunder was to create a task force of 500 experts to write a policy in secret. When the 1,300-page bill was delivered to Congress, no one identified with the architecture except the architects. Take the idea of purchasing cooperatives. They started out as shopping malls where anyone could travel up and down the aisles to pick the plan they liked best. But the task force, insulated from public reaction, turned them into regulatory monsters. Harry and Louise, the characters in the insurance industry's TV commercials, ridiculed them nearly out of existence.

The bipartisan proposal, though sadly imperfect, is probably the best framework for reform that can pass. If it works to bring down costs, it will make subsequent steps toward universal coverage much less scary. More broadly, the plan establishes the principle that Congress must overhaul the system. It is not the end of reform but a constructive beginning to what now must become a long, grinding march toward the inevitable goal of health care that covers every citizen for life.

Discouraging Cubans

Low politics, not high principle, inspired President Clinton's ditching of the double standard that for the last 28 years gave Cuban refugees near automatic entry to the United States. Now, fleeing Cubans risk being stopped at sea by the Coast Guard or Navy and returned to, of all places, the U.S. base at Guantánamo Bay, Cuba.

It is a hasty, harsh and unnecessary move. But at least it brings a semblance of equality to Washington's treatment of those fleeing impoverished Caribbean tyrannies. And it implicitly recognizes that, with the cold war over, Cuba is no longer a special case. The next logical step, which the Administration unfortunately shows no sign of taking, would be to formulate constructive diplomatic policies toward Cuba that could help ease the way to a democratic post-Castro future.

The new policy is designed to deter the thousands of Cubans who have been preparing to leave since Fidel Castro's regime stopped interfering with departures earlier this month. Those who elude the Coast Guard and reach U.S. soil will be detained indefinitely upon arrival. Only those who apply and are found eligible for asylum before leaving Cuba will now receive automatic admission.

That is roughly the same policy now applied to Haitians, with one crucial difference. To apply for asylum while still living in Haiti is to court murderous retaliation from government thugs, while discontented Cubans, at least for now, are virtually being encouraged to leave. In both countries, the U.S. is intentionally contributing to popular discontent with tough economic sanctions.

In both cases, generous treatment of the unintended victims of U.S. foreign policy has been defeated by the politics of populist panic. Gov. Lawton Chiles of Florida, facing a tough re-election fight, triggered Mr. Clinton's move by declaring a statewide emergency Thursday. Mr. Clinton, whose own 1980 re-election bid in Arkansas was damaged

when Cuban detainees from the last mass exodus rioted at an Arkansas detention camp, readily sympathized with his fellow Democrat's political plight. He also needs Florida's electoral votes for himself in 1996.

The latest departures began after an anti-Castro riot on the Havana waterfront two weeks ago, the most visible political protest in years. The Castro regime may not exactly be in its death throes, but it is reeling from the global collapse of Communism, the loss of Russian trade subsidies and the lack of any obvious successor to Mr. Castro.

That would seem to offer openings for a diplomatic mixture of incentives and threats that have begun to lure Communism's other orphans, like Vietnam and North Korea, out of their isolation. Yet for fear of angering the ferociously anti-Castro lobbies that are so powerful in Florida and New Jersey politics, U.S. policy has been purely punitive, aimed at building up explosive pressures in Cuba. The Administration is trying to sell its refugee ban — and new package of economic and political pressures — to Cuban-American hard-liners as part of this same effort.

Interestingly, Bernard Aronson, who served as Assistant Secretary of State for Latin America in the Bush Administration and whose hard-line credentials are not in doubt, presented in The Washington Post last week a more nuanced policy that would offer specific U.S. diplomatic incentives as a reward for steps toward democracy in Cuba. Such a policy is, in fact, suggested by the Cuban Democracy Act of 1992. Unlike the sanctions provisions of that legislation, the suggestions for a possible diplomatic opening have never been followed up.

It is not in the best tradition of the United States to interdict refugees. It is surely not in the best interest of the United States — or of Cuban democracy — to encourage violent upheaval in Cuba without also offering some hope of peaceful change.

Don't Believe the Cyberhype

This summer, in the shade of an oak tree, near a cabin in the woods, a New York bibliophile consumed nearly a dozen novels — some enthralling, some snore-inducing, a few downright annoying.

The most aggravating among them provoked strong language and, occasionally, physical assault, with books hurled against the tree. Therein lies the 100th reason why expensive, computer-based books will never replace \$10 paperbacks, or even \$25 hardcovers. No computer could survive a high-velocity collision with the trunk of a tree.

As an invention, the book is close to perfect: cheap, durable, portable and complete unto itself. Consider also the aesthetics of ink and beautiful typefaces on paper. It was clear from the start that few would want to curl up on the couch with a green computer screen.

Still, for nearly a decade now, computer jockeys and software writers have been trumpeting "the end of the book" and the triumph of computers enhanced by devices that permit the "reader" to ask the book questions or jump electronically from one book to another. Computer jockeys flock to the

stuff. And CD-ROM encyclopedias are flourishing. But the prediction that computer-based books would make the ink-and-paper variety superfluous now seems a case of computer fetishism and software hubris.

Look around you on the beach this Labor Day. See also the September issue of The Atlantic Monthly, featuring a piece that asks, "The End of the Book?" It contemptuously dismisses as "vaporware" revolutionary products that never actually appear on the shelves despite breathless advance publicity. As the novelist John Updike tells D. T. Max: "It seems to me the book has not just aesthetic values — the charming little cloth box of the thing, the smell of the glue, even the print, which has its own beauty. But there's something about the sensation of ink on paper that is in some sense a thing, a phenomenon. . . . Words on the screen give me the sense of being just another passing electronic wriggle."

Certainly the art of reading has lost ground against the onslaught of video. But rumors about the death of the book are greatly exaggerated.

Why Big Guns in War of Ideas Line Up on Right

To the Editor:

Whether or not the "public intellectual" is an original addition to American civic life or a variant on a familiar theme, your Aug. 9 news article ignores the serious dangers that privately financed think tanks pose to a democratic society.

The bald fact is that a vast number of well-publicized conservative voices are supported at privately financed research institutes. The corporate money sustaining institutes and think tanks is not granted to support criticism of the system.

With financing from the Olin Corporation, the Adolph B. Coors Company and the like, once-marginal right-wing magazines such as Irving Kristol's Public Interest become mainline voices; the editors of Commentary appear on your Op-Ed page, not the editors of Science and Society or

Monthly Review. The American Enterprise Institute's Norman Ornstein speaks on the MacNeil-Lehrer NewsHour regularly, but when was the last time we heard from Richard Barnett of the Institute for Policy Studies?

Media exposure legitimizes ideas once rejected as anti-democratic, Darwinian, anti-human. The assault on television began under Ronald Reagan. Live coverage of Central America and displaced Detroit auto workers living under Texas bridges went off the network news by 1982; the reporter Raymond Bonner was driven out of El Salvador, and independent film making on the Public Broadcasting System appeared after midnight, if at all.

If these coordinates of the last decade are accurate, then Irving Kristol's famous observation that a left-wing intellectual revival has not been

"all that successful" is correct — but not for the reasons he imputes.

Lynne V. Cheney, the former Reagan and Bush Administration official, is also accurate when she asserts that conservatives are more effective in getting ideas across to the public because many took up residence in research centers. She did not add that the National Endowment for the Humanities under her tutelage added to the financing of those niches.

Those of us on campuses who confront the uphill struggle of educating the coming generation, adding to the body of scholarly knowledge, keeping abreast of research, helping to manage our institutions and fighting against politically motivated shrinking budgets live in the real world. We have no gilded pulpits from which we can rail against presumed left-wing "political correctness." We have to work.

SANDI E. COOPER
Professor of History
College of Staten Island, CUNY
New York, Aug. 12, 1994

Freezers Reigned in Cold War East Bloc

To the Editor:

Your Aug. 12 Business Day article on privatization in the former East Germany says that "under Communism, Foron made the only refrigerators and freezers in Eastern Europe, employing 5,500 people to build 800,000 units a year."

This is nonsense. I am the last person who would admire Communist economy and central planning, but the simple truth is that refrigerators were produced in almost every Communist country. We were not monkeys jumping on the trees.

Refrigerators have been in the last 30 years an absolutely normal attribute of the average household in Czechoslovakia and of average city or town households in Hungary, Yugoslavia and Poland. They were normally produced in the last four decades in both parts of Czechoslovakia (Calex), in Slovenia (Gorenje), in Hungary and Poland, and I have no doubt they were produced in all the other countries as well.

The ironic fact, however, is that the insanity of the Communist regime made freezers a popular, successful and common product, especially in Gustav Husak's Czechoslovakia. Meat consumption, for instance, was extremely, unhealthily high, meat was cheap, and the lining-up mentality of people connected with an econ-



omy based on permanent shortage led to the tendency to buy as much meat as possible and keep it in the freezer for long weeks and months.

Czechoslovakia had one of the biggest number of large-size freezers per head in the world. I emphasize that because it illustrates the character of the Communist regime and economy. Dishwashers, on the other hand, were and still are virtually nonexistent. You did not need to line up to wash your dishes.

JAN MACHACEK
New York, Aug. 15, 1994
The writer is economic editor of Respekt, a weekly in Prague.

Spy Agency's Move Signals Obsolescence

To the Editor:

The furor over expensive new headquarters for the National Reconnaissance Office, the super-secret spy satellite agency, recalls C. Northcote Parkinson's wise counsel.

Parkinson noted that organizations flourish in shabby, far-flung, inefficient facilities when their function is important. By contrast, the creation of a single, perfectly planned, plush central facility is a certain signal that the organization is no longer needed and is at the point of collapse.

His evidence is compelling. For example, Britain ran its empire effectively for centuries out of back rooms and cubbyholes all over London. All this changed when the magnificent Empire House was dedicated in 1947, the year India won independence.

The National Reconnaissance Office was a cold-war creation, and its performance was critical to our intelligence effort to track and predict Soviet actions. Does this new \$310 million marvel foretell a less productive role for the agency in tracking unrest in Haiti, massacres in Rwanda and oil worker strikes in Nigeria?

Besides Parkinson's wisdom on the relationship of structure to function, the warning in his Law of Extravagance applies: "Expenditure rises to meet income — and tends to surpass it."

EUGENE J. CARROLL JR.
Washington, Aug. 11, 1994
The writer, a retired rear admiral, is director of the Center for Defense Information.

Growing Ripe in Judgment on the Bench

To the Editor:

"From the Bench to White House Counsel" (editorial, Aug. 12), on the appointment of Abner Mikva, Chief Judge of the United States Court of Appeals in Washington, as White House counsel, states that Judge Mikva, "at 68 eligible for retirement, could have accepted a semi-retired status and trailed off into judicial obscurity with a smattering of court opinions from time to time."

That is a slur on older Federal judges, whose contribution to American law has been and continues to be enormous.

To speak only of judges who have sat in Federal courts in New York City: Judge Learned Hand wrote his

most famous opinions in his 70's and remained a productive judge until his death at 89.

Judge Henry Friendly was going strong in his 80's when he died. Judge Edward Weinfeld remained productive until his death at 86.

Judges who take senior status at retirement age continue to work voluntarily, with no financial reward, at a level of output unthinkable for other people their age. Without them, the Federal judiciary could not cope with its heavy caseload. Judge Mikva may be giving up 20 years of active judging.

RICHARD A. POSNER
Chief Judge, United States Court of Appeals for the 7th Circuit
Chicago, Aug. 15, 1994

In Canada, Patients Do Choose Their Doctors

To the Editor:

It is an oft-heard but mistaken notion that single-payer medical coverage means patients cannot choose their doctors. On the contrary: In Canada's system, patients have absolute freedom to choose their doctors, based on normal distribution patterns. Compare that to your average health maintenance organization.

Canada's system is battered because of a shrunken tax base in the 1990's, compounded by a heavy national debt burden. But it is still universal, accessible and with standards on a par with the United States.

The biggest difference is that in the United States at least 25 cents of

every health care dollar pays for insurance administration costs. In Canada we get almost full dollar value.

Also, the treatment plans of Canadian doctors are not rejected by non-medical insurance clerks. When a doctor says he doesn't need a certain diagnostic test, I have confidence that the judgment is professional, not based on juggling of the health plan's diagnostic budget for personal profit.

Whenever I cross the border and see the jars collecting money for a child's treatment, I am reminded of why most Canadians treasure our system.

POLLY THOMPSON
Editor, Pharmacist News
Toronto, Aug. 15, 1994

No Light Is Shed on Mexican Election by Nicaragua's Vote

To the Editor:

Your Aug. 10 news article on pre-election polling in Mexico repeats a common myth about the 1990 Nicaraguan election and polling, and leads us away from the right questions about the Aug. 21 Mexican election.

The myth about Nicaragua is that Violeta Barrios de Chamorro's election victory demonstrated that the great majority of the electorate was thoroughly opposed to the Sandinistas, and that pre-election polls had failed to pick this up because many people were afraid to answer interviewer questions honestly.

The 30 or so published pre-election polls were evenly split between showing a Chamorro victory and a Sandinista victory. Virtually all polls contained results suggesting that most Nicaraguans were not committed to the Sandinistas or the opposition. While each camp held the loyalty of about one-quarter of the population, about half the population was always in the middle, vaguely pro-revolution, but with mixed views of the Sandinistas.

The Times welcomes letters from readers. Letters must include the writer's name, address and telephone number. We regret that we cannot acknowledge or return unpublished letters. Those selected for publication may be shortened for space reasons.

ta regime — and not afraid to voice criticism to interviewers.

In very professionally done polls a substantial number of respondents answered the voting intention question as if they were committed to voting Sandinista when they were undecided or leaning the other way. While fear of being honest was sometimes involved, most often it was more complicated. Until near the end of the campaign, most "mixed middle" voters were so ambivalent that interviewer and context effects could influence the answer.

Pro-Chamorro pollster questionnaires and interviewers encouraged mixed-middle respondents to resolve

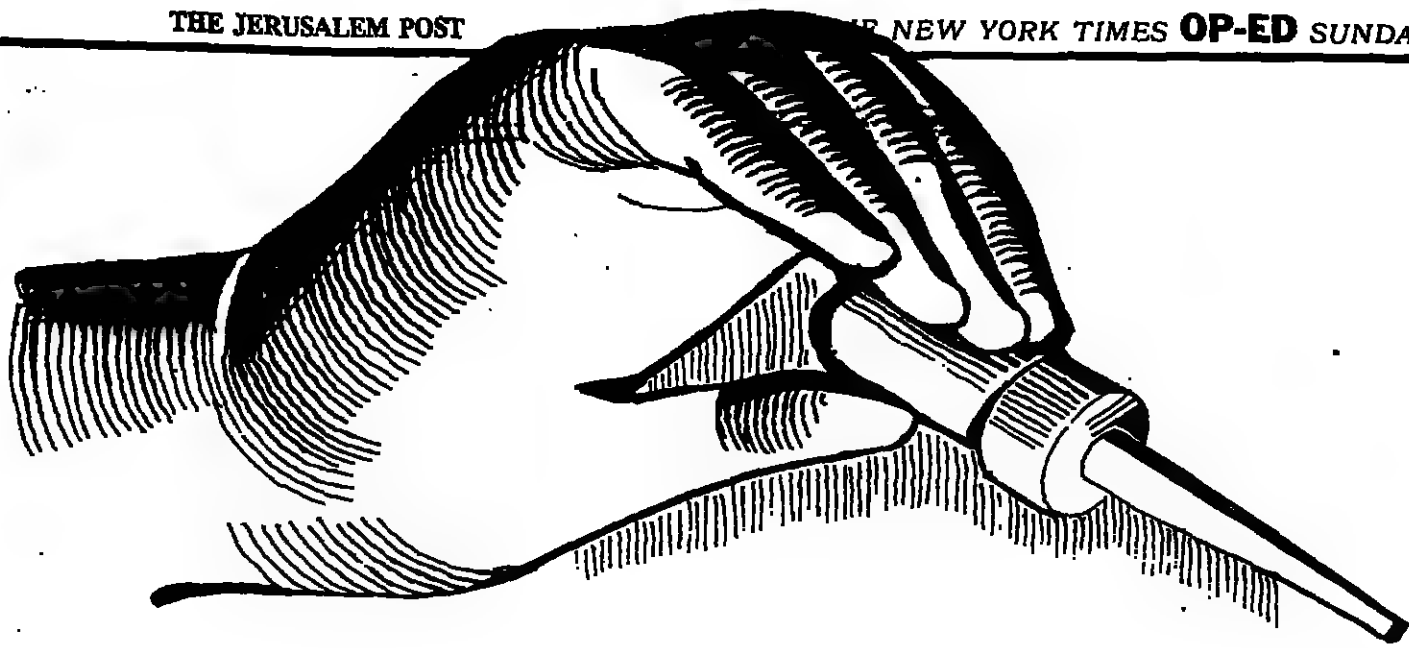
ambivalence one way. For reasons too complicated to go into, interviewers for other pollsters induced an opposite resolution. There remained a large bloc that was less than firmly decided, but leaning, unenthusiastically, toward Mrs. Chamorro.

Ulises Beltrán, the Mexican ruling party pollster you quote, is wrong about how it worked in Nicaragua. Sandinista youth did not poll systematically for eight months, so that people came to associate polling with the Sandinistas. The Sandinistas did not begin substantial polling until September 1989; before that, Mrs. Chamorro's pollster was more active than anyone else. Youth from both sides did substantial canvassing in the six weeks before the election.

None of this is unusual. In some elections the United States, significant numbers of whites who usually vote Democratic end up doing something else because the Democratic candidate is black. But a substantial proportion of such voters tell interviewers they will, or did, vote as usual — and a substantially larger proportion respond that way to black interviewers than to white interviewers.

WILLIAM A. BARNES
Oakland, Calif., Aug. 12, 1994
The writer, a lawyer, is author of an article in "The 1990 Nicaragua Elections and Their Aftermath" (1992).

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When the Evidence Is a Matter Of Life And Death

In America
BOB HERBERT

Brooklyn's Obsessive Pursuit

Now it's time to investigate the investigators.

On Thursday a jury in Brooklyn acquitted Eric Jackson of arson and murder in connection with the Walden's supermarket fire that killed six firefighters in 1978. The forewoman of the jury said the prosecution hadn't even proved that the fire was arson. There should never have been a trial. It was held only because unscrupulous law enforcement officials in Brooklyn have insisted on pursuing a long and depraved and deeply sinister effort to nail Mr. Jackson at virtually any cost.

The Eric Jackson saga encompasses prosecutorial misconduct at its worst. Consider, for example, the charge that he raped and murdered Linda Casella, a homeless prostitute, in an abandoned concession stand at Coney Island in 1991. (This came after Mr. Jackson's initial, tainted conviction in the Walden's case had been overturned.)

Prosecutors in the Kings County District Attorney's office claimed to have a witness — the dead woman's "roommate" at the concession stand — who saw Mr. Jackson having sex with the victim and then saw him leaving with bloodstains on his clothes.

These prosecutors were not deterred by the fact that DNA tests

It's time to investigate the investigators.

conducted by the F.B.I. showed that the semen found in the victim had not come from Mr. Jackson. A minor obstacle. Nothing could be allowed to stop the prosecution. A theory was concocted. According to Assistant District Attorney Michael Vecchione, Mr. Jackson himself had smeared the victim's body with another man's semen.

Mr. Jackson obtained the semen, Mr. Vecchione theorized, by purchasing condoms from a prostitute. Mr. Jackson's lawyer, Robert Sullivan, called the theory "preposterous." The trial went ahead anyway. Before long the prosecution's "witness" disintegrated. Her name was Christine Moroney and she was a raving drug addict. She accused the prosecution of holding her prisoner. She told Judge Edward M. Rappaport, out of the presence of the jury, that she didn't recognize Mr. Jackson. For the prosecution, she was a disaster.

Mr. Vecchione, having presented most of his case, now stood up and asked the judge to dismiss the charges against Mr. Jackson. Incredibly, Judge Rappaport refused. He let the case go to the jury, which acquitted Mr. Jackson.

The prosecution then went after Ms. Moroney with a vengeance. She was charged with perjury and held for months on Rikers Island in lieu of \$50,000 bail. At her trial, she testified that she had in fact seen someone leaving the concession stand but it was not Mr. Jackson. She added bitterly, "You were going to use me to put an innocent man in jail."

A jury found Ms. Moroney guilty on two of six perjury counts. But the judge, Thaddeus Owens, set aside the conviction, saying that the District Attorney's office had treated Ms. Moroney unfairly. She was allowed to go free.

The obsessive pursuit of Eric Jackson has continued, on and off, for 15 years. It has been conducted by law enforcement officials untroubled by the concept of respect for the rule of law. When Mr. Jackson was arrested for the murder of Ms. Casella, Supreme Court Justice Joseph Slavov asked prosecutors, "Are you going to arrest this guy for every unsolved crime in Brooklyn?"

No one knows if the obsession with Mr. Jackson is over. More importantly, no one knows if the unscrupulous behavior uncovered in this case is limited to this case. Is this just a bizarre obsession with one man, or is this business as usual in the District Attorney's office in Brooklyn?

A full and independent investigation of the Eric Jackson prosecutions should be undertaken. Unscrupulous law enforcement officials are a danger to everyone. Julio Cruz is a reminder of this.

Mr. Cruz was the convict who initially claimed that Mr. Jackson had confessed to setting the Walden's fire. In exchange, Mr. Cruz was let out of prison just as early as prosecutors could arrange it. This was bad news for the 2-year-old son of Mr. Cruz's girlfriend. Mr. Cruz confessed to killing the toddler by smashing him on the dashboard of a car. He threw the body into a dumpster.

How hard did prosecutors go after Mr. Cruz for this crime? Not very hard. He was allowed to plead guilty to manslaughter and served six years. He's out now. He's not even on parole. He's working as a paralegal in a law office.

By Paul C. Giannelli

The O. J. Simpson case, scheduled to go to trial next month, hinges on scientific evidence. Hence the constant tug-of-war between the defense and the prosecution, which intensified last week over access to blood samples.

If the DNA analysis of the blood found at the murder scene excludes Mr. Simpson or the victims, thus implicating an unknown suspect, it will be extremely difficult if not impossible to convict him. But a positive result would place him in a extremely small category of people whose blood shares the same characteristics.

A criminal justice system based on a skillful investigation that includes scientific evidence is obviously better than one that relies only on conventional methods like eyewitness identifications, which can be unreliable, and confessions, which are subject to abuse. And yet scientific evidence is subject to abuse as well.

This summer, a serologist, or blood analysis expert, was indicted by Tex-

Paul C. Giannelli, professor of law at Case Western Reserve University, is co-author (with Edward Imwinkelried), of "Scientific Evidence."

as and West Virginia for allegedly falsifying test results in hundreds of cases since 1979. He reported inconclusive results as conclusive, altered laboratory records, didn't report conflicting results and failed to conduct additional testing to resolve conflicts. Defendants who have since been exonerated were sentenced to long prison terms on his testimony.

In Texas, a pathologist was convicted in 1992 of faking autopsies. He performed hundreds of autopsies a year, and at least 20 death penalty convictions.

The nation's crime labs are all but unregulated.

tions were obtained with the aid of his testimony. For more than a decade, he worked closely with prosecutors and the police and apparently tailored his findings to conform with their theories of the cases. "If the prosecution theory was that death was caused by a Marfan death ray, then that was what he reported," said the special prosecutor who handled the investigation.

A forensic dentist in Mississippi who has testified in numerous capital cases

was censured in April by the American Academy of Forensic Sciences for misrepresenting evidence and failing to meet professional standards. Yet he is scheduled to be an expert witness in three upcoming capital murder trials.

But the problems of scientific evidence in criminal trials run far deeper than these sensational examples suggest. Unlike clinical laboratories, which perform tests for hospitals and doctors' offices, the nation's crime laboratories are exempt from regulation and external review. There are no minimum certification requirements for lab personnel. As Eric Lander, a molecular biologist, wrote in a 1989 article in *Nature*, "At present, forensic science is virtually unregulated — with the paradoxical result that clinical laboratories must meet higher standards to be allowed to diagnose strep throat than forensic labs must meet to put a defendant on death row."

A 1978 study of more than 200 criminal labs — the only nationwide survey that has been done — found that 71 percent reported faulty results in blood tests, 51.4 percent made errors in matching paint samples, 35.5 percent erred in soil examinations and 28.2 percent made mistakes in firearms identifications. There has been a voluntary proficiency testing program in place since 1984, but the results of these tests have not been published. Thus crime lab personnel may be failing proficiency tests and

The Population Distraction

By Julian L. Simon

THE CHEVY CHASE, Md. Roman Catholic Church's reaction to the United Nations Population Fund conference in Cairo is a monumental political blunder.

The Vatican should not have mentioned abortion and contraception. It should have stuck to the subject of the conference — population control. Pope John Paul II could simply have said that human life is the ultimate value and that interfering with reproductive liberty is a crime. But the church, like its critics, is drawn to the abortion wars like moth to a flame.

Thus it allows the opponents of true reproductive freedom to steal the issue of personal liberty and thereby take the moral high ground. By so doing, it is subverting its own larger — and admirable — goals.

Some militant feminists have decided that while Pope John Paul II is trying to force them to have children they don't want, Population Fund programs are not what women need. So the conference, which will be held in Cairo from Sept. 5 to 13, has already become a free-for-all.

But the bureaucracy will get its way — population control, the central theme of the conference. This is crystal clear in "objectives" in the "draft final document" (written, of course, long before the conference even begins): "To achieve and maintain a harmonious balance between population and resources." The "harmony" would be achieved by governments "curbing unsustainable population growth" along with "reducing excessive resource consumption."

This aim, euphemistically called "population stabilization" and cloaked under verbiage about "family planning," has been affirmed by Timothy E. Wirth, the Under Secretary of State for Global Affairs. He bluntly talks about "population control," and President Clinton explicitly backs this goal.

Sugarcoat the matter as U.N. functionaries do, attaining this goal means government policies that will propagate, bribe and coerce couples to have fewer children than they would otherwise choose to have.

The world's leading example of population control is China. Its "family planning" one-child policy is pure coercion. It includes forcing IUD's into the wombs of 100 million women against their will; mandatory X-rays every three months to insure that the IUD's have not been removed, causing who knows what genetic damage; coercion to abort if women get pregnant anyway, and economic punishment if couples evade the abortionist.

Most of the population establishment, which backs the Cairo show, applauds China's programs. The population-control advocates are forever apologizing that yes, there was coercion in the past, but the abuses were

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local and unauthorized and no longer occur. This was again revealed as a lie by the recent Chinese law to prevent the "floating population" from having the children they want.

The population activists now use their influence with the State Department, to finance population-control programs in Africa with our aid programs and bribe African governments into cooperating.

Now comes the Pope to get into a well-publicized argument with President Clinton about abortion and contraception. Non-Catholics, and even some Catholics like Frances Kissling, president of Catholics for a Free Choice, interpret the Pope's statements as amounting to coercion of Catholics to have more children than they would like to have.

Jane Fonda — our "special goodwill ambassador" to the U.N. Population Fund — has decided that the church is the bogeyman in the matter. And Mother Jones magazine writes: "The Vatican's dark marriage to Islam has kept birth control off the international agenda. Meanwhile, the population bomb is ticking." This has two tragic effects.

First, the attack on the Pope deflects attention from the real enemy — the Chinese, who coerce; the Indo-

The Pope is talking sense, if anyone will listen.

nesians, who use heavy-handed communal "persuasion," and the U.N. Population Fund, which orchestrates population control. Second, the Pope's message against governmental coercion, and in favor of life, is lost entirely; instead of being heard as the defender of the most basic human values, he is seen as the villain of the conference.

There is a terrible irony here. The church has been the leading institution that celebrates human life as such and asserts that enabling a new person to enjoy life is a good in itself. It does not urge people to have more children than a couple want and can afford. It recognizes the human limitations of a family's resources and energies. It does, however, hope that people will decide to have additional children, and cheers when they do.

Most important, it recognizes that one family's having more children does not make another family poorer in the world's goods; this conclusion is supported by two decades of research by population economists.

The Vatican's problem is that no matter what it says about other matters, a few words about abortion and contraception get all the attention. In the United States' position paper at the 1984 population conference in Mexico City, there were just a few sentences opposing abortion, but for all practical purposes they were the only sentences that mattered. This is what the Vatican is up against.

The church is also up against a

deep-rooted anti-Catholicism that is triggered by the population issue and distorts the thinking of even the clearest-minded people. The church's great message about the value of life gets lost to many (including my fellow Jews) amid these "quarrels and recriminations about abortion and contraception."

The church is the only participant in these proceedings that gets it right about the economics of population growth and economic development. A supposed rationale for "population stabilization" is that lower population growth brings about faster economic growth. But the fact is that this proposition — mainstream wisdom until the early 80's — has been proved false.

In the 1980's, there was a U-turn in the consensus of population economists about the effects of population growth. In 1988, the National Research Council of the National Academy of Sciences almost completely reversed the worried view it expressed in 1971. Its report noted that there was no statistical evidence of a negative connection between population increase and economic growth. And it said, "The scarcity of exhaustible resources is at most a minor restraint on economic growth."

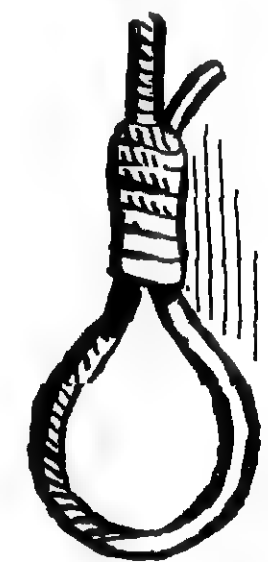
This shift has gone unacknowledged by the media, by environmental organizations and by the agencies that foster population control abroad. While the Reagan Administration built this body of scientific fact into its 1984 stand at the world population conference, the Bush Administration did nothing to carry it out in policy and the Clinton Administration turns a blind eye to it. Now the U.N. Population Fund has carefully prevented mainstream population economists from participating in preparations and the conference. So what will we get in Cairo?

We'll get lots of acrimonious feminist rhetoric against the church and white males, providing an enjoyable occasion for the women and fine sound bites for the media, plus heartburn for the Vatican and maybe a lesson for the future.

And we'll get quiet success for the population controllers and U.N. bureaucrats who want to force women in poor countries to have fewer children than they want to bear — with no benefit to the economies and environments these establishment members claim to be improving.

Note to Readers

The Op-Ed page welcomes unsolicited manuscripts. Because of the volume of submissions, however, we regret that we cannot acknowledge an article or return it unless it is accompanied by a self-addressed, stamped envelope. If manuscripts are accepted for publication, authors will be notified within two weeks.



DAVID SUTER

COMICS

After 30 Years of Battle, the X-Men Take America

By DOUGLAS MARTIN

In the beginning, there were five troubled teen-agers — Cyclops, Angel, Beast, Iceman and Marvel Girl — all normal until they turned 13. Suddenly they could do superhuman things — fly, shoot energy from their eyes and much, much more. Called the X-Men, "the strangest superheroes of all," they promptly went to war against Magneto, the master of magnetism and a real bad guy.

It was a rebellious style, only slightly masked by the jackets and ties the X-Men then wore. An early issue has Iceman, whose frigid rays cool any situation, exclaiming: "Here's a quick-freezing icy sweatshirt for you, Stretch! This'll cramp your style real good!"

That was in 1963, thousands upon thousands of comic books ago. Today, the X-Men, whose powers come from genetic mutations and whose troupe always included formidable X-Women, number about 200 and are spread in enclaves around the world. They have become an ensemble cast popular with adolescents of all ages, a soap opera in which every story ends with the crying need for another.

And next month a new breed of X-Men, "Generation X," younger and rougher-edged, will begin appearing in their own comic book, further seasoning the gurgling stew of plot permutations.

Let it be firmly pronounced that the X-Men are the original mutants, decades ahead of a certain group of sewer turtles. They grapple with the pain of being misunderstood outsiders, and yet they use their superpowers to rise above this prejudice, trying to save ungrateful humanity before it is too late. This, arguably, is the perfect teen-age fantasy.

They are the world's best-selling group of comic books and America's most popular animated Saturday morning cartoon show. In schoolyards, X-Men trading cards are neck and neck with Power Rangers. X-Men action figures were the top-selling plastic dolls last year. Their video games are arcade hits. Plans for an Orlando, Fla., theme park with X-Men-inspired rides were announced recently.

And yes, the X-Men are soon to be a major motion picture. Sequels are being discussed even as 20th Century Fox chooses a script.

Not to put too fine a point on it, but this is an example of the synergy for which entertainment companies are scrambling. The billionaire Ronald O. Perleman, who now owns 80 percent of the Marvel Entertainment Group, has pushed it very aggressively. He bought Fleer, a major bubble-gum card company, and half a toy company, and retrieved many of Marvel's licensing agreements, under which 1,500 items, from shoelaces to \$1,000 leather jackets, are produced.

"Perleman has made Marvel a much more aggressive company," said Lauren Rich Fine, first vice president of Merrill Lynch. "Their diversification is going to enable them to show tremendous revenue growth this year."

Mr. Perleman himself won't name his favorite X-Man. "But they're a tremendous asset to the Marvel stable of characters," he said. "Their potential appears limitless."

The 18 X-Men titles ("The Uncanny X-Men," "X-Force," "X-Factor," "Excalibur," "Wolverine," etc.) are the big moneymakers in Marvel's universe: 50 million comic books a year, at \$1.50 or more apiece.

In general, Marvel superheroes are a different breed from DC Comics powerhouses like Superman and Batman. They have weaknesses. They find truth, justice and the American way a bit goody-two-shoes. And it's mind-blowing how they dominate their newsstand rivals. In July, the X-family accounted for over 14 percent of the comic market, more than the combined total of the next four families: Spider-Man, Batman, Superman and Dark Horse. Overall statistics are scarce, but the industry is believed to approach \$1 billion in sales.

"The X-Men are the juggernaut," said Mitch Cutler, owner of St. Mark's Comics, which has stores in Manhattan and Brooklyn. "They are the big, immense, nonstop, cash-generating, unstoppable force."

Perhaps the most intriguing aspect of the phenomenon is its longevity. The stories that began 30 years ago are the basis of ones still churned out, each building and relating to the others in one of the most brilliant — or cynical — marketing plays ever. (Where will "The Lion King" be a year from now?)

So if they're so omnipotent, why haven't you heard of them?

To some extent, it depends on who you were at 13. It's teen-age angst that separates the X-Men from the Robin the Boy Wonder fans. Lots of revenge-craving nerds can identify with alienation, and with joining a club of other societal rejects.

"As a teen-ager, I sometimes feel sort of helpless. Things are sort of pinning out of control, and I can't do anything about it," said Akil Kirlew, a 15-year-old at Hunter High School in Manhattan. "The X-Men never let that happen to them."

Mr. Kirlew was introduced to the mutants at the age of 4 or 5 when his parents read him the comics. He liked

the vivid pictures. Now he likes the stories, and the subtle way they treat complex issues. For instance, the bad mutants have become warmer in recent years as their pains — in Magneto's case, years in a Nazi death camp — have dribbled out.

"Nothing is black and white; people are sort of in-between," Mr. Kirlew said he has learned.

In some ways, it is their very ordinariness that is most attractive. Their powers come from a mutant gene, not the planet Krypton. Their weaknesses and pleasures are the average Joe's. They live in Westchester County, drive down to Manhattan sometimes and like to hang out.

"Kids are looking for ideas that help them bond with kids their own age," said Dr. Carolyn Pataki, chief of child and adolescent psychiatry at Lenox Hill Hospital in Manhattan.

This easy accessibility may be part of the reason girls (perhaps a third of the television show's viewers, Marvel officials estimate) are drawn to the X-Men. Also helping are awesome female characters, an emphasis on relationships — and the zeal with which some boys talk about little else.

"There's something that girls don't find in princesses and mermaids," said Lisa Geisenbeimer, Marvel's director of licensing.

Samantha Kleinfeld, who is 7 and collects the cards, loves Storm, who leads her own X-Man team and has telekinetic power over the weather. "Storm can change the sky," she says.

Of course, in their spare time, the X-Men are also in a death struggle with evil mutants to make the world safe for the ignorant mortals, who often despise them in return.

"They are superhumans who want to protect humans," said Lauren Shuler Donner, who is producing the movie. "Humans don't reciprocate in kind and that's the sad part."

The trail of monthly armageddons all began in the mind of Stan Lee, from whose brain also sprang Spider-Man, the Incredible Hulk, the Avengers and the Fantastic Four. His heroes have everyday human foibles, and readers empathized.

"My main interest has always been people," said Mr. Lee, who calls himself "70-ish" and now lives in Los Angeles supervising Marvel's movie and television ventures. When people look at Wolverine, he said, he wants them to think "If I had huge claws coming out of the back of my hands, that would be me."

Mr. Lee's assignment in 1963 was to come up with another group of superheroes. "What powers can I give them that are not in use at the moment?" he worried.

One year before, he had created Spider-Man by having a radioactive spider bite Peter Parker, and he was running out of ideas. "What if I just made them mutants?" he thought. "There are mutants in nature, and with all the atomic explosions they're more likely than ever before."



Trading card of Magneto

His boss liked the idea, but vetoed the name. No one would understand "The Mutants," he said. Mr. Lee's second suggestion, "X-Men," sounded fine.

"If people wouldn't know what a mutant was, how would they know what an X-Man is?" Mr. Lee wondered to himself.

Nonetheless, the premise was novel. The X-Men were enrolled at Professor Xavier's School for Gifted Youngsters in woody Westchester County, a New York suburb. Professor X, a mutant himself, was a wheelchair-bound genius who assembled his team telepathically.

Mr. Lee developed a profound sense of mission. "I wanted to spotlight a group of innocent people who were feared and shunned and later hated and persecuted," he wrote in an essay. "I wanted to show how anyone, no matter how blameless, can be victimized if the fates so decree."

But he learned that superhero fans demand certain conventions: they like well-endowed bodies in tight costumes, and they rejected his early attempts to put the X-Men in street clothes.

And the truth is that the series sputtered in its early years. In 1970, Marvel stopped producing new issues and sold only occasional reprints. Then in 1975 it tried "Giant-Size X-Men" (the name describes the book, not the heroes). It had two of the original cast, Cyclops, of the laser-beam gaze, and Dr. X. The snarling Wolverine, whose bones and claws are forged from the mythical metal adamantium, appeared.

New members joined, ones decidedly different from the first all-WASP team. Storm was a gorgeous black woman. Colossus was a hefty Russian



Among 1,500 licensed X-Men items are towels, lunchboxes, ties and action figures — a movie and theme park are in the works.

peasant with skin that could change to steel. Nightcrawler was a furry German circus freak with the gift of teleportation.

Now there are dozens: Banshee, Frost, Jubilee, Cannonball, Meggan, Wolfsbane, Havok, Polaris, Forge, Warpath, Boomer, Stryker. They travel back and forth in time and visit one another's books, leaping to the rescue of an endangered pal in one universe — or a sagging story line in another.

But this is kept rare, though it almost always hypes sales. "A guest star slows us down a little bit," said Bob Harras, group editor of X-Men titles. "We have so much story to tell."

And what delicious stuff! Lately, a deadly virus that attacks only mutants has been oozing through the various titles. Wolverine's adamantium bones have been sucked from his body by Magneto. Rogue, unbelievably beautiful but afflicted with a negative power that takes the life energy of anybody she touches, can't come close to making love to Gambi, the mutant she loves, without sending him into a coma.

The most spectacular X-event of the year was the wedding of Jean Grey (Marvel Girl in 1963, now called Phoenix) and Scott Summers (Cyclops). Nicole Miller designed a strapless silver wedding gown that looked as if it had been sprayed onto Phoenix's body. Storm changed winter into a sunny spring day.

"People say I'm different because I'm a mutant, but right now I feel like every other bride-to-be," Jean Grey said. "Today I am an X-Man and soon I'll be a wife. My greatest hope is that I'll never be an X-wife."

That's pretty typical X-dialogue. If the unspoken rule of the X-men is alienation, its overt cause — beyond saving Earth from fiends — is tolerance. On the television show, many episodes take place in Genosha, a mythical island nation near Africa with the world's highest standard of living. Mutants there are enslaved for sex work; they rebel, and a United Nations force comes to their aid. A group with the Orwellian name Friends of Humanity chants "no more mutants!" and mutters about "mutant garbage." This forces Beast, who is blue and furry and has a stratospheric I.Q., to moan "Why can't I be normal? It's not fair."

To be sure, there are other aspects to the X-Men's appeal.

One is sex: each month, readers get to see beautiful people whose lives they deeply care about cavorting in Spandex. For all their efforts at promoting women's characters, the writers still sometimes refer to the females as "X-babes" in office conversation.

"And not to be forgotten, the men in our books are hot," said Suzanne Gaffney, an associate editor. "These guys are built. They're physical ideals."

Another aspect is violence, although editors insist they try to keep the body count low and make characters consider pacific options before blowing someone away really spectacularly. And the fact is that robots and buildings seem to take most of the beating.

"It's violence. It's just not violence you can, like, imitate," said Clark Fife, assistant manager of Forbidden Planet, one of New York's comic

meccas.

But X-fans do grow up, making the shift to Playboy, then Time, then Modern Maturity. Young fans are the future. There is an industry axiom that every comic book is somebody's first. And X-Men may not be a bad place to start.

Tony Gambuzza, a therapist with the Fordham Tremont Mental Health

Center in the Bronx, helps public school children with behavior problems. Many come from single-parent families, and most have been victims or perpetrators of violence. Almost all of the youths are very familiar with the X-Men.

He described a recent conversation with a 13-year-old boy.

Why did he like the X-Men?

"Wolverine is wild and he needs Cyclops and Professor X to get him under control," the boy answered. Which character was most like him, the therapist asked.

"Wolverine," the boy said. "I want to be like him."

And which did he most want to be like?

"Cyclops," the boy said. "I want to be like him."

NESTLINGS

By TED FULTON / Edited by WILL SHORTZ

ACROSS

- 1 Panchen — (spiritual leader)
- 5 Overload
- 10 Fall to mention
- 14 Short end of the stick
- 18 Spirit
- 19 Locked passageway
- 20 Mr. Agnew
- 21 Diminish
- 22 Which came first, the chicken or the egg?
- 24 Subject of 1962's Best Picture
- 26 Lowered
- 27 Bird hunter's shelter
- 28 Intensify
- 30 — generis
- 31 Writer O'Faolain et al.
- 32 "Sorry, I can't come"
- 33 Spicy cuisine
- 38 Experiences
- 39 Grow accustomed
- 40 Noted war story
- 41 Pet rocks, once
- 42 Extinct bird
- 45 Warship of old
- 46 Property may have these
- 47 Lawn care product
- 48 Curse
- 49 Out of favor
- 53 End of a fitting phrase
- 55 Hash
- 56 More cowlike?
- 57 Convenient
- 59 Provoked
- 60 Persisted
- 63 Castigates
- 65 Overhead
- 68 Some parties
- 70 Crusades combatant
- 74 Sir Freddie of Skytrain
- 75 Kudzu, e.g.
- 76 Zap
- 78 Open slightly
- 79 Third man
- 81 Goller Calvin
- 83 Northernmost city of ancient Palestine
- 84 Right to decide
- 85 — tectonics
- 86 Record
- 87 "Kiss an Angel Good Mornin'" country singer
- 89 Enjoys, with "in"
- 90 Takes to heart
- 92 — Springs, Colo.
- 95 Histron
- 96 — o'-shanter
- 97 Click beetle
- 98 Geometrical solid
- 99 Emulate Voltaire
- 104 Gainsay
- 106 Flabbergasted
- 108 It needs to be broken
- 109 Polite refusal

DOWN

- 1 Impart
- 2 Ship's direction
- 3 Impair
- 4 Kicks in, initially
- 5 Suitable for a postcard
- 6 Sale item
- 7 It was given by St. Nicholas
- 8 Staff, in a way
- 9 Common
- 10 Bids one club
- 11 Temperate
- 12 A Gershwin
- 13 Allergic victim's fate
- 14 Asseverates
- 15 "La plume de ma"
- 16 Intact
- 17 Page noises
- 20 Abscam, for one
- 23 Frequent
- 25 Groove for a sliding door
- 28 Orbiting photographer
- 31 One who gets a lift?
- 32 Clear of debris
- 33 Antilles native
- 34 "A Bell for —"
- 35 House supports
- 36 Crude container
- 37 Mélange
- 38 One response to a challenge
- 41 Scrub
- 42 Flash Gordon's foe
- 43 Previously
- 44 Canceled
- 48 Puzzle type
- 50 Letter closing
- 51 Nostalgic film of 1982
- 52 Multivolume ref.
- 54 Tommy Dorsey's "— is It"
- 55 Transport to the Tuileries
- 57 Gulf of —
- 58 Make out
- 61 Fixes firmly
- 62 Baby Doc Duvalier, e.g.
- 64 DeSoto or Hudson
- 65 Sadly
- 66 Californian's vacation spot, informally
- 67 Approve
- 69 Thinks better of
- 71 Port NW of Gibraltar
- 72 Get clear of
- 73 Barcelona babies
- 76 Foot pattern?
- 77 Passage
- 79 Losers
- 80 Kasparov's birthplace
- 82 Holed up, in a way
- 85 Dad
- 87 Black Watch, for one
- 88 Canyon's edge
- 89 Acrimonious
- 90 More slippery
- 91 Corroborate
- 92 Hajj objective
- 93 Cool
- 94 — Devi (second-highest peak in India)
- 95 Football Hall-of-Famer Herbert
- 98 Coin of Chihuahua
- 99 Kind of team
- 100 Heroine of Tennessee Williams's "Summer and Smoke"
- 101 Mr. Lend
- 102 Paradoxical philosopher
- 103 Part of Q.E.D.
- 105 TV knob abbr.
- 107 Jonson wrote one to himself

ANSWER TO PREVIOUS PUZZLE

SHEBA REALM SCALE DANCE
EELER ELLIE EOSTIN ESTOP
SALON CROON NOTES CHERRY
SLAPSAROUND SKINGARE
STRAVS FAIR OPENUP
HILLONK ESTATE NEE ENE
ELAINE ELAIE ALERK BRA
CLUNG SPORTSMAN RERACT
JAGO ALTER AHEAD LANCED
ASH ANIE SHREED RERACT
TALENTS ONE SARDONY
OENISK TIDING BAGE ART
GEMES IDEES RAISE EEE
BOV PALES SHSHFUND STOLA
YOU ARRES OTAT RESOLUTE
ETS COL ARRES MAO ESS
MERTETO AMEN P RAGGY
STOWAWAY SMALLRAGE
KATA IRINE CARGO LHEAR
ADONT NERDS ASSAY NOIMS
NERVE GREAT THEES GOOSE

The new Moscow: Gridlock, smog and fortune seekers

For all the changes in Russia's capital, it really has stayed much the same, Gregory Freidin reports

WHEN a popular Russian singer, Alexander Vertinsky, returned from his Parisian exile in the late 1940s, he was so taken aback by the sight of the new Moscow that he exclaimed: "Oh Russia, verily I cannot recognize thee!"

Then he noticed that his suitcases were gone. "Now, oh Russia, I verily recognize thee!"

Even for someone who, like myself, grew up in Moscow and has frequently returned during the last six years, the vision of the city is both deceptively familiar and unfamiliar. Since the last time I visited, a mere six months ago, Moscow has undergone a sea-change.

What is this new Moscow like? High noon. Wall-to-wall traffic, throbbing, baking in an exhaust haze, gridlocked. *Lasciate speranza*—until, all of a sudden, a patched-up black BMW, Moscow's preferred muscle car, jumps halfway up the sidewalk and, like a startled black crab, scurries onto a side street.

A cabby follows. After that, all is stillness, except for the deafening noise of a hundred idling engines.

With gasoline selling for approximately half of what it costs in the US and the incomes lower by several factors, most of those caught in traffic must be on their way to or from making a lucrative deal.

The scene would otherwise make no economic sense, or even anthropological sense, since the vagaries of instability and inflation have transformed the average Russian from a hybrid of utopian and cynic into a primitive subspecies of homo economicus.

It is this rough-hewn creature who wheels in his, or her, beat-up Zhiguli sedan or late-model Volvo—and deals in anything from counterfeit caviar to shady real estate, drugs, slavery, children's encyclopedias or oil futures.

But the real boom in Moscow is in the construction business. Moscow's southwestern periphery has a new skyline marked by a post-modern office tower of black glass and steel, which looks like a



It takes a special effort to see the old Moscow behind all the fruit-and-vegetable stalls surrounding every metro station. (AP/Alexander Zemlianichenko)

wedding cake from hell. Outside Moscow proper, modern single-family homes and mansions with saunas, jacuzzis and, yes, bidets, are rising like mushrooms amid the stone-age collective-farm hovels.

STANDING IN food lines is as Russian as apple pie is American.

But now it takes a special effort to see the old Moscow behind all the fruit-and-vegetable stalls surrounding every metro station and the rows of kiosks, with their liquor bottles and Mars bars. The counters of old cavernous shops, bare a year ago, groan under the weight of everything from farmer's cheese to imitation crab meat.

Prices are high, but Muscovites still spend little on rent. Food consumption has been rising steadily, and the monthly inflation is down to between 4 and 5 percent.

If you're nostalgic for long lines, the best place to go is to one of Moscow's new financial centers. There, customers queue up for hours to obtain the astronomical dividends—as much as 10% a month in non-inflationary dollars—that some pyramid schemes, calling themselves banks, pay out to their clients.

The catch is that such a bank may have 15 outlets to accept your investments, but only one to issue the "dividends"—and only once a month. Chances that your principal will go up in smoke be-

tween the payout days is great, but not as great as when inflation was 20 to 30% a month and before the government began a crackdown on misleading advertising.

WHATEVER IS left of the Big Politics in this world of *nouveau riches* and *nouveaux russes* is now spelled with a small "p." No single issue or personality defines the political scene in Russia today. What matters is "the economy, stupid."

Gone is the high drama of the indomitable Boris Yeltsin butting his head against Mikhail Gorbachev's skull, fighting communism from a tank turret or arm-wrestling with Russian Khasbulatov and Alexander Rutskoi.

He has been upstaged by the neo-fascist Vladimir Zhirinovskiy, who, in a stroke of clown's genius, has been tailing Yeltsin's tour of the Volga region in his own steamer, setting up his political carnival train in the wake of the presidential train.

The long-awaited founding congress of Yegor Gaidar's Russia's Choice Party, now called the Party of Russia's Democratic Choice, turned out to be summer's sleepiest affair.

Its biggest coup was to fill two-thirds of a 1,000-seat convention hall with delegates and guests; its biggest joke was Gaidar's ironic apology for proposing a rather cumbersome name for the party, since the preferred words "liberal-demo-

cratic" had already been hijacked by Zhirinovskiy's bunch.

The bankers and regional politicians—chief beneficiaries of Gaidar's economic reforms—who presided over the congress belong to the generation of "new Russians": sober and calculating. To them, politics is serious business, party-building a political franchise open to all who are willing to hawk their socio-economic product to their local constituencies. In the presence of this political breed, the passionate speeches of the dissident old guard were embarrassing.

That noble political generation has been swept aside, swallowing the indignity of the acquittal of Gen. Valentin Varennikov, one of the organizers of the aborted putsch.

IF THERE is one political issue that still evokes a lively response, it is crime—whether organized or disorganized. The sound of small-arms fire in Moscow's residential neighborhoods has become the city's *Eine kleine Nachtmusik*.

Much of the violence involves gangs fighting for their turf, but ample and graphic crime reporting, a few assassinations of prominent bankers, a hand-grenade tossed through a window of a bank in central Moscow—all have had a chilling effect on the city.

According to government statistics, so far unchallenged, crime syndicates have penetrated 80% of all enterprises in Russia; half the private businesses are owned by them, in part or outright.

Yeltsin's June decree on fighting this scourge encountered heavy resistance from both his allies among the democrats and his foes on the right. The democrats protested that it violated habeas corpus, guaranteed by the new constitution; the communists and ultranationalists charged that it fell short of what was needed—a one-stop police state.

In the end, the Duma couldn't trump Yeltsin. As a result, members of the Special Police Force (OMON), wearing flak jackets and armed to the teeth, stroll along the busy sidewalks and stop cars at intersections.

Their increased presence alone should give Muscovites a better sense of security. And while this parade of government force goes on, the wheeling and dealing of the new Russia will continue unabated. For the business of Russia today is—and will continue to be—strictly business. (Los Angeles Times)

The writer, a professor of Russian at Stanford University, is a coeditor of Russia at the Barricades: Eyewitness Accounts of the August 1991 Coup (M.E. Sharpe Publishers).

Protection against bad checks and the right to privacy

LAW REPORT
ASHER FELIX LANDAU

In the Supreme Court, sitting as a Court of Civil Appeals, before Justices Gavriel Bach, Ya'acov Kedmi, and Tova Strassberg-Cohen, in the matter of *The State of Israel and the Registrar of Data Bases, appellants, versus Moshe Venuira and Uzi Argaman, respondents* (C.A. 43/91/88).

THE respondents applied to the Registrar of Data Bases, under sections 8 and 9 of the Protection of Privacy Law of 1981, to register a base to be called "Mazot Financial Services."

The base was to contain information of checks, negotiable instruments, and promissory notes which were dishonored.

Its purpose, the respondents said, was to prevent payments by dishonored checks, instruments or notes; or by stolen checks; or through restricted accounts; each of which methods was a criminal offense.

Under section 10(a) of the above Law, "Where an application for registration of a data base is submitted, the Registrar shall register it unless he sees reasonable cause for believing that the base serves as a cover for illegal activities."

The registrar refused the application under the above section, and the respondents appealed to the Jerusalem District Court under section 10(b) of the Law. The District Court allowed the appeal and ordered the registrar to effect the registration, and the state appealed to the Supreme Court.

JUSTICE BACH delivered the first judgment of the court. The respondents had raised the procedural point, he said, that under section 41(a) of the Courts Law (Consolidated Version) of 1984, a litigant could lodge a second appeal only by leave of the court.

Since a first appeal against the registrar's decision had been dealt with by the District Court, the present appeal could be lodged only by leave, and such leave had not been requested.

Citing precedents, Justice Bach held that section 41 above applied only to a case where the first appeal related to a judicial decision of a court, or tribunal which acted as a court, by hearing evidence and the cross-examination of witnesses, and the parties' submissions.

The registrar in the present case did none of these, but acted only as an administrative authority on the basis of the respondents' application. The present appeal to the Supreme Court, therefore, was a first and not a second appeal, and leave was therefore not required.

The registrar, Justice Bach continued, had relied on paragraphs 2(9) and (10) of the Protection of

Privacy Law. Under paragraph (9) an "infringement of privacy" includes "using, or passing on to another, information on a person's private affairs otherwise than for the purpose for which it was given," and under paragraph (10) it includes "publishing or passing on anything obtained by way of an infringement of privacy under... paragraph 9."

It was the businessmen who had received the dishonored checks who would contravene paragraph (9) by "passing on" the information to the respondents, but the respondents would contravene paragraph (10) by passing on that information to their subscribers.

The respondents had submitted, Justice Bach continued, that the heading of Chapter 2 of the Privacy Law, "Protection of Privacy in Data Base," indicated that that chapter contained all the relevant provisions relating to data bases. It followed, therefore, that the registrar, acting under section 10(a) above, could only consider "illegal activities" extrinsic to the Privacy Law itself, with the result that section 2 of that Law did not apply.

Citing precedents and legal texts, and the Proposed Law which preceded the Protection of Privacy Law, Justice Bach rejected the respondents' above submission.

He held that since the whole purpose of the Law was to protect privacy, there was no basis for excluding the illegalities described in section 2.

The question had been raised, he continued, whether the expression "serves as a cover for illegal activities" in section 10(a) above referred only to the use of the information by the data base itself, or included the manner in which that information had been obtained before its transmission to the data base.

Stressing the necessity of striking a balance between every person's right to privacy, and other competing interests, and referring to a Proposed Law of 1994 amending section 10(a), Justice Bach ruled that a data base was only entitled to use material which had been obtained lawfully.

He did not agree with the District Court that the particulars in the checks handed to the data base were not "a person's private affairs" within the meaning of section 2(9) above.

His name, address, and identity and telephone numbers were also his "private affairs"; however, he would be regarded as having agreed to their publication, under section 1 of the Privacy Law, if they appeared publicly as in a telephone directory, or became known to bank personnel or other persons who would see or receive



One of the conflicts surrounding check-writing is the issue of privacy of the check-writer. (Richard Nowitz)

his checks in the ordinary course of events.

However, Justice Bach had no doubt that the particulars which the respondents proposed to convey to their clients were the "private affairs" of the drawers of the checks.

As an American court had held, "It is well recognized that one's financial dealings are a type of private matter that invasion of privacy actions were designed to protect.... It can be inferred that the quality of appellant's checks is a private matter...."

Moreover, Justice Bach continued, the information was to be passed on to the respondents' clients "otherwise than for the purpose for which it was given," as stated in section 2(9) above. In the ordinary course of events the information would be given to businessmen either by the drawers of the checks themselves, or by the bank, to enable recovery of the debt. It was never intended to be passed on to other persons, such as the respondents, to become public property; the drawers of the checks in no way agreed to their use for that purpose.

THE respondents had relied on section 18(3) of the Protection of

Privacy Law under which it is a good defense if "the infringement [of privacy] involved a public interest justifying it in the circumstances of the case, provided that, if the infringement was committed by way of publication, the publication was not untruthful."

The respondents had stated in their application to the registrar, said Justice Bach, that their base would assist in preventing crime; would save the police, the execution office, and the courts, a great deal of work; and would save a great deal of unpleasantness and loss to victims of dishonored checks.

There was thus a conflict in this case between the interest of the drawers of the checks whose privacy would be invaded by the publication of their names in the respondents' "black list," and the public interest in law enforcement to recover debts.

Justice Bach then cited a 1967 amendment to section 14 of the Defamation Law of 1965 which substituted the expression "in the public interest" for "of interest to the public" regarding the defense of truth and public interest in a defamation suit. It was necessary, also in the present context, that the invasion of privacy was to ben-

efit the public. It was not enough for it to interest gossips and busybodies.

The US Supreme Court had laid down that, "In today's mobile society, there is a legitimate business need for consumer reports, which serve such important public functions as minimizing the risk of extending valuable benefits and credit and assisting in detection of fraudulent credit applications and insurance claims. In order to make informed judgments in these matters, it may be necessary... to have information which normally would be considered private.... In such a case, the public interest provides the defendant a shield...."

Justice Bach accepted the above proposition. However, he held that the real question was whether there were adequate grounds justifying invasion of a man's privacy to serve the public interest which the US court described.

The extent to which the respondents' base would prevent offenses should not be exaggerated, he said. Dishonored checks were a common phenomenon in the commercial world, but not every case involved a crime. Under section 432 of the Penal Law of 1977 the drawer committed an offense only if he knew the bank was not obliged to honor the check on due date or within 30 days, or he had no reasonable grounds to believe that the bank had such an obligation.

The mere fact of dishonor was not enough. There were often technical errors, and in such cases the publication by the respondents would serve no public interest whatsoever.

Justice Bach then cited the Checks Without Cover Law of 1981, as amended in 1992, referring in some detail to sections 2, 3, 14 and 15. In these provisions the legislature had given guidelines as to what it regarded as a reasonable balance between protecting privacy and public interest. One dishonored check was not enough to limit an account—there had to be at least 10 such checks within 12 months. There were other drastic requirements before an account could be seriously limited, and the account owner's name could only be published if it had been limited in aggravated circumstances.

There were no such requirements, or anything even similar, in regard to the respondents' base. Moreover, there was almost no limit to the possibilities of error, both by the bank and by the client. There were many cases in which there was no basis at all for inferring that the drawer was financially untrustworthy.

Justice Bach then cited the American Fair Credit Act of 1970 and many of the American provisions regarding supervision of Credit Reporting Agencies. He suggested that the respondents would perhaps frame similar safeguards in supervising their enter-

prise which could, perhaps, enable the registrar to accept their application.

For the above reasons, Justice Bach proposed that the appeal be allowed, the registrar's decision be reinstated, and the respondents be ordered to pay the state's costs in the sum of NIS 8,000.

JUSTICE KEDMI concurred. He emphasized that a man's name could appear in the data base, and his financial image be damaged, although he may have been in a sound financial position both when the check was drawn and dishonored. A check could be dishonored for many reasons, and a name could be published without any justification.

Moreover, the respondents had not suggested any system for checking the accuracy of the information they received. They had also not suggested any procedures for "screening" and checking the identity of persons who would have access to the base. Rules also had to be laid down to ensure that such persons would not be enabled to republish the information at the expense of the check drawer's name and reputation.

The respondents had also not revealed how a person could ascertain if his name appeared in the base, how errors could be corrected, and how the base was to be updated from time to time.

JUSTICE Strassberg-Cohen also concurred. She pointed out that the Privacy Law gave no definition of "privacy" or of "a person's private affairs." She preferred therefore to avoid trying to define the latter expression, and to rest her decision on the facts of the present case alone.

The appeal was therefore allowed as proposed by Justice Bach.

Moshe Golan, Senior Assistant State Attorney, appeared for the state, and Yosef Shapira appeared for the respondents.

The judgments were given on July 27, 1994.

Demobilized dolphins

EARTHLY CONCERNS
DYORA BEN SHAUL

THE US Navy is trying to sell off some post-Cold War surplus items: the most unusual of which is 25 dolphins and five sea lions. The Navy wants to find a good home for these animals, which were used to detect (and reportedly plant) mines.

No one has yet made an offer for the sea lions but several aquariums have bid for the dolphins. One of the most serious offers is from Sugarloaf Dolphin Sanctuary in Sugarloaf Key, Florida. They want to release the dolphins into the sea but the Navy's experts say the animals are too dependent on humans to benefit from a life of freedom.

Richard O'Barry, who helped train the famous dolphin Flipper, says the Navy is wrong. "If a dolphin can be taught to catch a ball, then it can be taught to catch a fish." But the Navy doesn't agree.

The 25 dolphins are in pens in San Diego Bay. The US Navy promises that if it does not find a suitable home for these animals, it will continue to care for them for the rest of their lives, which would be about 30-35 years.

Certainly sea mammals are best off in the sea, but here we do have a problem. Many studies have shown that when dolphins get too friendly with people, the end is almost always disastrous. Very tame dolphins are often shot dead by people who mistake them for sharks. This has happened off Florida, Greece, Haiti—and Eilat. It is unknown what the sea lions were used for; despite laws protecting the public's right to know, records on these mammals are not available.

Perhaps the Navy has secret reasons for refusing to let the dolphins loose. After all, dolphins easily learn from each other; who can say what these 25 trained ones might be able to teach their kindred?

Just before Rosh Hashana, The Jerusalem Post will publish a Supplement devoted to

Real Estate
Residential and Investment

Articles - Pictures - Advertising

The supplement will be published in the daily paper before erev Rosh Hashana September 2.

For more information and to advertise in these special supplements, please contact

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BUSINESS & FINANCE

MONDAY, AUGUST 22, 1994

'TASE activity to drop 15-25%'

GALIT LIPKIS BECK

BANKERS and capital market analysts yesterday predicted that the government's decision to tax capital gains on the TASE will reduce stock exchange activity by 15 percent to 25%, and lead to the consolidation of the brokerage and investment portfolio sector.

The analysts said the tax is expected to reduce the public's execution of buy and sell orders, significantly reducing banks' and brokers' commission income from security transactions.

"Imposing tax is expected to discourage frequent trading and eventually lead to a fall in commission income. The banks have other sources of income, but private brokers live off commissions. The tax is going to eat into their profits," one banker said.

The banks' share of the securities market is estimated at 80% while brokers and investment portfolio

managers make up the rest. The banker said the government's plans are also expected to drive existing customers away.

"Not everyone is interested in declaring profits made on the stock exchange to the Tax Authority. People with black market money will no longer be interested in investing in the market," he added.

Ze'ev Holtzman, general manager of Giza Investment, said a large number of new investment management portfolio companies have been established during the last few years due to rapid growth in the capital market.

"Of the 150 to 180 portfolio companies operating on the market, about one third are new. The government's plan will reduce companies' businesses and encourage brokerage firms to merge. Portfolios will move from one firm to another," he said.

Tsubari admits to obstructing justice, suborning witnesses

Jerusalem Post Staff

EYLON Tsubari yesterday surprisingly confessed to charges of suborning witnesses and obstructing justice during his trial in Tel Aviv Magistrate's Court, and was thereupon convicted of the charges.

Tsubari had been charged with trying to convince his friend, Nirel Ben-Yosef, who runs a German diamond business, to lie to Securities Authority investigators regarding money received by Tsubari and the transfer of funds and assets in Tsubari's possession in their investigation of Tsubari on suspicion of stock manipulation.

The former assistant director of Bank Hapoalim's Gmolut Provident Fund had previously confessed to only a few of the charges against him, but yesterday told the court he was confessing to all of them.

However, Tsubari said his confession did not mean he actually committed all the offenses attributed to him. "Tsubari just wanted to get the trial over with," his lawyer, Pinna Dvorin, said.

If Tsubari is sentenced to a prison term, he will be transferred from his Abu Kabir lock-up cell to a Prison Service facility, an improvement in conditions.

Tsubari's lawyer also told the court now that he has been convicted, there is no longer any reason to keep him in the lock-up.

They argued he had been kept in the lock-up for fear he would try to continue to obstruct justice, but now that the trial was over, he should be released on bail until sentencing.

The prosecution argued that Tsubari could still obstruct justice since arguments regarding sentencing had not yet been heard, and could try to suborn witnesses called for this part of the trial. Prosecutor Orly Doron said she planned to summon a Securities Authority investigator to testify at that portion of the trial.

Dvorin said the Securities Authority had nothing to do with obstruction of justice and suborning witnesses charges, and this was simply an attempt to bring the authority into the case at all costs.

Magistrate's Court Judge George Kara said it was inconceivable that witnesses be summoned who are not on the list of those presented for the original trial, and which are not connected to the indictment.

He said arguments regarding sentencing and his decision about whether or not to free Tsubari on bail would be heard tomorrow.

The maximum sentence for obstructing justice is three years' imprisonment, while suborning witnesses carries a maximum seven-year jail term.

The trial did not touch on any of the charges of suspected stock manipulation the Securities Authority is pursuing against Tsubari. That case has led to the questioning of his partners in Germany, but so far no charges have been filed.

Industrial production rises by 8%

JOSE ROSENFELD

INDUSTRIAL production grew at an annual rate of eight percent during the first half of the year, the Central Bureau of Statistics reported yesterday.

The rise follows increases of 10% in the second half of 1993 and 5% during the first half of last year.

Industrial production rates varied significantly during the first half of the year.

During the first two months of the year, production shot up 14% to catch up to rising consumption and increased exports.

However, in the aftermath of the Hebron massacre and the clo-

sure of the territories, industrial production dove 4% for the period of March and April. From May through June, industrial activity turned more vigorous and jumped 12%.

The increase in activity affected nearly all sectors, except for transportation, which fell 9%, and machinery, which remained flat.

Wood and wood products shot up 23%; textiles, clothing, rubber and plastic and basic metal production rose between 17% and 19%; food, chemicals and metal goods increased between 12% and

14%; leather and leather goods were up 8%; and the remaining sectors' production rose between 3% and 5%.

Employment grew more slowly than production. While work hours increased by 5% annually, employment only went up 3%.

Economists explain the discrepancy by noting industry's marked reliance on overtime as a means to avoid the costlier method of hiring new workers.

In addition, Israeli workers may have had to work more hours to partially compensate for the loss of workers from the territories due to the closure.

Osem reports 172% rise in net profits

GALIT LIPKIS BECK

OSEM Investments, a leading food manufacturer, completed the second quarter with a 172 percent rise in net profits.

The company recorded net profits of NIS 10.19 million, up

from NIS 3.73m. in the same period last year. The holding company reported net profits for the first half of the year increased to NIS 22.57m., up 87% from the same period in 1993.

Osem's sales in the second quarter rose to NIS 200.44m., compared with NIS 171.87m. in the same quarter last year. In the first half of the year, sales increased to NIS 402.09m., up 15% compared with 1993.

Osem said higher sales during the first six months of the year were reported in both local and export markets. Local sales increased 12% to NIS 367.47m. The company attributed the rise to the addition of a number of new food items.

Osem's product range includes more than 1,000 food items including pasta, soups, biscuits, baby foods, juices and confectionery goods.

The group's overseas sales increased 67% in the first half of the year, to NIS 34.62m., compared with NIS 20.79m. in the first six months of 1993. The growth was mainly attributed to new ventures in eastern Europe.

After the reported period, a \$50m. law suit was submitted against the company in the US.

Osem said the suit, which accuses the company of breaching distribution rights, was submitted by a customer who has accumulated debts with the company.

Osem management said the claim is groundless.

Agriculture Ministry okays investments of NIS 420m.

GALIT LIPKIS BECK

THE Ministry of Agriculture yesterday announced it has approved investments of NIS 420 million since the start of the year.

The figure is based on 1,000 projects submitted by 500 farmers.

Most of the investments have been in flower greenhouses, vegetable growth for exports, breeding materials and plantations. In addition, one of the investments was for an ostrich farm.

Once approved, the plans are entitled to a government grant equal to 20%-40% of the total investment, in accordance with the type of investment made. The ministry emphasized its share of total investments has increased to

NIS 130m., up 18% compared with the same period last year.

The majority of the projects are located in high national priority areas; the ministry approved investments of NIS 150m. in the Negev, NIS 100m. in the Jordan Valley and Beit Shean and NIS 70m. in the Galilee and Golan.

This year, the ministry began approving investment programs between farmers and external entrepreneurs. The entrepreneurs provide the projects' financing while the farmers contribute land and water.

Until now, the ministry has approved eight programs across the country.

Clal Electronics profits drop 46%

COMPANY RESULTS

RACHEL NEWMAN

CLAL Electronics Industries reported second quarter net profits of NIS 14.2 million, 46 percent lower than the NIS 26.5m. figure recorded during the same period last year. Earnings per share were NIS 3.86, compared with NIS 7.20 in the same period in 1993.

The company attributed the loss to a poor showing by Scitex, International Technologies (Lasers) and losses incurred by two new acquisitions, which were not included in last year's second-quarter report.

Clal Retail Chains reported a second quarter net loss of NIS 3.2m., compared with a net loss of NIS 589,000 last year. The firm recorded revenues of NIS 31.9m., up from NIS 26.5m. in the same period last year.

Clal said closure of its leasing business along with expansion of

its retail chains was responsible for higher second-quarter costs.

Elco Holdings announced second quarter net profits of NIS 14.7m., compared with NIS 10.1m. last year. The firm had revenues of NIS 388.2m., up from NIS 286.6m. in the same period last year. Earnings per share were NIS 1.97 compared with NIS 1.36 in 1993.

The company holds three public companies: Elco Industries, Elctra (Israel) and Elctra Consumer Products, whose 224% growth in net profits was cited as the primary reason for the overall profit rise.

Negev Ceramics posted a net loss of NIS 969,000, compared with a net profit of NIS 341,000 last year. The company reported revenues of NIS 22.9m., slightly up from NIS 21m. in the second quarter of last year.

The company blamed increased competition and the closure of the territories, which halted detailing work at construction sites, as the main reasons for the results.

Packer Steel reported second quarter net profits of NIS 337,000, down from NIS 4.6m. during the same period last year. The firm had revenues of NIS 95.2m., up from NIS 84m. last year. Earnings per share were NIS 0.18, down from NIS 4.82.

Increased competition resulting in lower steel prices and investments in product improvement and expansion, including the establishment of a chain of retail stores in which the company is a 60% partner, were given as reasons for the fall in profits.

Electrochemical Industries (Wrotom) recorded a net loss of NIS 6.4m. compared with a net loss of NIS 6.5m. last year. The firm posted revenues of NIS 123.8m., up from NIS 88m. in the second quarter of 1993.

The company attributed losses to a stronger German mark, funding costs on new subsidiaries and a drop in the value of the company's portfolio.

Sunfast reported a net loss of NIS 1.8m. compared with net profits of NIS 355,000 in the same period last year. The firm recorded revenues of NIS 30.9m., down from NIS 31.6m. in 1993.

The company said it had experienced a drop in prices and sales volume, including losses on its investment in the holding company RSK. Sales to the local market declined slightly in the second quarter, due to the early Pesach holiday.

Exports dipped to NIS 6.3m., slightly down from NIS 6.6m. in 1993.

ISRAEL MONEY MARKETS

Patah (foreign currency deposit rates) (21.8.94)				
Currency (deposit term)	3 MONTHS	6 MONTHS	12 MONTHS	
U.S. dollar (\$200,000)	4.250	4.500	5.000	
French franc (FF 200,000)	3.875	4.375	5.125	
Swiss franc (SF 200,000)	3.125	4.000	4.375	
Yen (10 million yen)	0.625	0.750	1.000	

(Rates vary higher or lower than indicated according to deposit)

Shekel Foreign Exchange Rates* (18.8.94)				
CHECKS AND TRANSFERS		BANKNOTES		Rep. Bank
Currency basket	Buy	Sell	Buy	Sell
U.S. dollar	3.3450	3.3550	3.3450	3.3719
German mark	2.2448	2.2548	2.2448	2.2719
French franc	4.8288	4.8388	4.8288	4.8559
Japanese yen (100)	3.0450	3.0550	3.0450	3.0719
Dutch guilder	1.7225	1.7325	1.7225	1.7489
Swiss franc	2.3150	2.3250	2.3150	2.3419
British pound	0.8275	0.8375	0.8275	0.8539
Scandinavian franc	0.4418	0.4518	0.4418	0.4579
Danish krone	0.4802	0.4902	0.4802	0.4969
Spanish peseta	0.3904	0.4004	0.3904	0.4069
Australian dollar	2.2125	2.2225	2.2125	2.2389
S. African rand	0.8388	0.8488	0.8388	0.8649
Belgian franc (10)	0.9425	0.9525	0.9425	0.9689
Portuguese escudo (100)	2.7850	2.7950	2.7850	2.8119
Israeli shekel	1.8037	1.8137	1.8037	1.8299
Irish punt	3.6702	3.6802	3.6702	3.6969
Spanish peseta (100)	2.3175	2.3275	2.3175	2.3439

* Rates vary according to bank. ** Bank of Israel.

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Cible Israel inks 2 deals for \$60m.

REAL ESTATE ROUNDUP
GALIT LIPKIS BECK

CIBLE Israel, a subsidiary of France's Groupe Cible, has signed two real estate deals valued at \$60 million.

Dr. Yossi Sahar, president of the local subsidiary, said the deals are part of the group's plans to expand local activities.

The company purchased 19 dunams in Kiryat Hakadima, adjacent to the coastal road in Netanya. The firm intends to invest about \$30m. in the construction of 45,000 sq.m. of commercial, office, industrial and parking space.

Cible bought the plot from Dr. Rotshten Construction. Building is scheduled to begin in the second half of next year. The developers plan to construct 6,000 housing units on nearby plots.

In a second deal, Cible purchased 36 dunams in Nahariya next to Mediterranean. The firm will develop a tourism project on the plot which is expected to attract both local tourists and those from abroad. The development will include a 220-room hotel, a 200-300 room apartment hotel and a country club. Cible will invest \$30m. in the development.

K.A.N. Golan and Friedman Hachary have signed an agreement to construct 99 residential units of four, five and six rooms on Zvi Frank Street in Rishon LeZion at an investment of \$8m.

K.A.N. purchased 50% of a plot owned by Friedman for \$2.5m. The firm plans to construct four buildings of eight and nine floors. The price of a four-room, 100 sq.m. apartment is about \$160,000 while the price of a six-room, 160 sq.m. apartment is about \$245,000.

Simcha Urieli & Sons, controlled by Yehuda Urieli, has signed an agreement to construct a housing and commercial development with two groups of investors at an investment of \$4m.

The three groups set up a company named Poria to develop the scheme. About half a year ago, the company purchased a one-dunam plot on Jaffa's Poria Street for \$700,000. The group plans to construct a 4,700-sq.m. building on the plot. About 4,000 sq.m. of the plot will be allocated for housing while the remaining 700 sq.m. will be used for commercial space.

The Poria Se'im Industrial Park in Netanya has rented out 6,400 sq.m. to Celcom for five years. The company, which recently won the second cellular phone franchise, has rented two 3,200 sq.m. buildings, for \$6.5 per sq.m. Cel-

com will establish its logistics center on the site.

The Aloni Corp. plans to open three showrooms during the next few months at an investment of NIS 4m. The company will open a 1,000-sq.m. show room in Tel Aviv and two 500-sq.m. halls, one in Jerusalem and one in Tel Aviv. The halls will display the company's marble, tiles, ceramics and sanitary utensils.

Benjamin Kertiz Sons, developers of Hadera's Ahuzat Denya development, is selling six types of cottages and three types of penthouses. The price of a five-room corner cottage located on 132 sq.m. in addition to a 30-sq.m. balcony is about \$155,000. The price of a five-room row cottage located on 134 sq.m. plus a 26-sq.m. balcony, is about \$145,000. The price of a four-room garden apartment on 97 sq.m. in addition to an 80-sq.m. to 200-sq.m. garden, ranges from \$125,000 to \$135,000.

Ramat Gan's municipality announced plans to construct 1,200 apartments of 75 sq.m. in the city during the next few months. The municipality said construction of

the three-room apartments is part of the city's plans to provide living accommodations for young couples and senior citizens.

Solel Boneh has won Avraham Rubinstein's tender to construct two buildings in the New Ramat Aviv development. Each of the buildings will contain 21 housing units. The price of a three-room, 110 sq.m. apartment is about \$300,000 while the price of a five-room, 150 sq.m. apartment is about \$460,000. The price of a 330-sq.m. penthouse is about \$850,000.

Avraham Rubinstein is constructing 200 apartments in the development at a total investment of \$50m.

The Greenberg supermarket chain, owned by businessman Eliezer Fishman, has opened a branch in Sderot at an investment of NIS 2.5m. The 1,500-sq.m. store will sell about 8,000 food and household items.

Housing and Development announced the sale of 11 apartments available in Jerusalem's Top Gilo development. The project, which is located on 13 dunams, will contain 88 apartments.

The price of a four-room garden apartment is \$230,000, while the price of a 4½-room duplex is about \$285,000. The duplex apartment is located on 137 sq.m. in addition to a 26-sq.m. balcony.

Lufthansa rebounds ahead of share issue

FRANKFURT (Reuters) - Deutsche Lufthansa AG, on the brink of a major new share issue, predicted on Friday it would make a profit this year for the first time since 1990 and be able to resume dividend payments after a four-year gap.

The German airline, due to be privatized this year, swung to a parent pretax profit of \$68.2 million in the first half of 1994 from a loss of \$143.5m. a year ago.

A Lufthansa statement confidently predicted that this success was set to continue.

"The executive board is anticipating a clear operating plus for the full business year, providing us with distributable profits to resume dividend payments," Lufthansa said.

The company last paid a 2.50-mark dividend on preference shares in 1990 and four marks on its ordinary shares in 1989.

A spokesman told Reuters subsequently that both ordinary and preference shares would be serviced this year.

That was contrary to earlier expectations that the airline would pay out only guaranteed preference share dividends.

Chairman Juergen Weber, while forecasting a resumed dividend in general terms, ducked the question of ordinary share payouts at the annual general meeting last month.

Bourse traders said the intention to pay an ordinary dividend was aimed at bolstering interest in the upcoming share offer. Lufthansa told existing shareholders in July that the new shares would be eligible for a dividend on 1994 earnings.

Lufthansa, 51% owned by the German government, is set to offer the first tranche of a two-tranche one-for-three rights offer of a nominal \$334m. of ordinary shares.

Lufthansa has said the new shares would be priced at a 20% discount to the current share price, suggesting an offer price of around 170 marks with the ordinary share trading around 213 marks in Frankfurt.

That rights offer, which Lufthansa said could possibly come as early as next month, will cut the government's stake to around 35% and enable Lufthansa to reduce debt payments and step up its challenge to industry leader British Airways.

Analysts believe the German airline, now leaner and fitter after two years of cost-cutting and staff reduction, is well positioned to challenge its longtime rival.

They cite Lufthansa's co-sharing deal with United Airlines, strategic alliances with Austria's Lauda Air and Brazilian airline Varig, and burgeoning cargo operations.

The first-half data lent weight to analysts' optimism, with freight tonnage up 17.6% to 664,000 tons and group passenger traffic up 3% to 17.6m. passengers.

Notably, average passenger yields rose after languishing for several years, Lufthansa said. Airlines worldwide are pointing to a slow revival in demand for business class seats.

Bourse reaction to the first-half results was muted. While Lufthansa ordinary shares initially jumped two marks to a high of 217 on the first-half data they slipped to 213 marks in late bourse trade, down 2.50 marks on the day.

Mistaken identity seen in Polly Peck shooting

ISTANBUL (Reuters) - Turkish police were searching for a gunman on Saturday in the mistaken identity shooting of a British consultant at a firm investigating the collapse of the Polly Peck International trading group.

David Adams, who works for Polly Peck administrators Coopers and Lybrand, was shot twice in the right leg on Friday outside his office in Istanbul.

Adams, who is not involved in the Polly Peck inquiry, was taken to the American Hospital, where he was in good condition.

Reached at his hospital bed, Adams said he was tired but pleased with his recovery so far. "I am very tender but I'm feeling fine," he told Reuters.

Sources close to the Polly Peck case said the attacker had been making inquiries at the Coopers and Lybrand office about the man in charge of the investigation. He later mistook Adams for his intended target and opened fire, they said.

The sources also said the head of Coopers and Lybrand's inquiry Chris Howell, who is to give a sworn statement in the case before a north Cyprus court, had been assaulted by two Turkish men outside his flat in Istanbul on June 7.

Howell, a British partner of Coopers and Lybrand, required 12 stitches in his head after the attack.

Witnesses said the gunman in Friday's incident opened fire in broad daylight in front of hundreds of people, before fleeing away.

The meltdown of Polly Peck meant hundreds of millions of dollars in losses and left a trail of bitter litigation.

Mr. Howell said he was told by a source that the gunman was a former member of the British Army who had been involved in the war in Northern Ireland and was now in Turkey.

He said he was told the gunman was a former member of the British Army who had been involved in the war in Northern Ireland and was now in Turkey.

'Fokker draining cash from Deutsche Aerospace'

AMSTERDAM (Reuters) - Dutch plane maker Fokker NV is becoming a heavy burden for its German parent company Deutsche Aerospace (DASA) as it plunges deeper into loss, industry analysts said on Friday.

"Fokker is draining money out of DASA," said Richard Brakenhoff at merchant bank MeesPierson. "DASA must be quite shocked at the financial black hole Fokker has become."

Fokker shares tumbled 1.40 guilders to 15.40 on Friday after the group announced on Thursday that its net loss widened to 196 million guilders (\$113m) in the first half of 1994 from 127m. (\$73m) a year earlier.

Its net loss on ordinary activities, at 391m. guilders (\$236m), was more than treble analysts' most pessimistic forecasts of a loss of 112m. (\$65m.).

Fokker, in which Daimler Benz subsidiary DASA owns a 51 percent stake, made a 37m. guilders (\$21m.) net ordinary loss in the first half of 1993.

The deterioration shows that demand for regional jets is not yet strong enough to halt the price erosion fuelled by years of overproduction, analysts said.

Airlines which are cautiously riding economic recovery aim to make the most efficient use of existing fleets.

"I think DASA will stop pouring more money into Fokker if it doesn't become profitable by 1996," said Corneel Zandbergen at Bank Labouchere.

Some analysts were sceptical that Fokker could meet its own forecast of a return to profit in 1996.

Wal-Mart to move into Hong Kong, China

BENTONVILLE, Ark. (Reuters) - Wal-Mart Stores Inc., the largest U.S. retailer, has set its sights on the world's largest consumer market - China.

The Bentonville, Ark.-based company said Friday it has signed a joint venture agreement to operate Wal-Mart discount stores and warehouse membership clubs in Hong Kong and China.

Wal-Mart's joint venture partner is Ek Chor Distribution System Company Limited, a Hong Kong-based company that is a subsidiary of C.P. Pokphand Co. Ltd. of the Charoen Pokphand Group.

The joint venture expects to open three or four "Value Clubs" this fall in Hong Kong.

Value Clubs will be a mini-version of Wal-Mart's highly successful warehouse membership club concept. Each Value Club will range from 10,000 to 20,000 square feet, which is smaller than the SAM'S Clubs operated by Wal-Mart in the United States and Mexico.

The joint venture with Ek Chor is Wal-Mart's first expansion outside the Western Hemisphere.

Earlier this year Wal-Mart purchased 122 stores in Canada from Woolworth Corp. and announced expansions into Argentina and Brazil. The company also operates stores and clubs in Mexico with joint-venture partner Cifra, S.A. de C.V.

The Charoen Pokphand Group is the largest agro-industrial group in Asia and a major foreign investor in China. Its motorcycle and automotive parts manufacturing operations in China, Ek Chor China Motorcycle Co. Ltd., is traded on the New York Stock Exchange.

Int'l money favors PRI in Mexican vote

LONDON (Reuters) - International fund managers and investors flooded into Mexico ahead of presidential elections yesterday, convinced the ruling PRI party will come through to add another six capital-friendly years to its 65 years in power.

"We continue to recommend aggressive purchase of Mexican shares through and following the elections," said Salomon Brothers' Latin American strategist Alfredo Viegas.

"We are again increasing our recommended portfolio allocation by two percentage points to 42 percent."

Funds are draining from other promising Latin American countries to fuel bets on the big two - Mexico and Brazil.

"We anticipate a post-election rally in the Mexican market similar to, but not as sharp as, that which occurred last year following the US congressional vote on the North American Free Trade Agreement (NAFTA)," Viegas added.

Foreign investors' perception of the election and the general political scenario is relevant because around 60% of regularly traded Mexican shares are held by foreigners.

Foreign stock market holding as a proportion of gross domestic product is 13%, according to Mer-

ill Lynch, and one debt market source suggested about 30% of Cetes, Mexico government short term paper, were held by foreigners.

A report from Foreign and Colonial Emerging Markets said they expected foreign interest to fuel an H2 rally, bolstered by a firmer currency, lower interest rates and a trend of positive company results, especially in the manufacturing sector.

But Barings Securities strategists Tamsin Hobday suggested there would be some profit-taking just before the poll, capping a sustained rally in recent weeks.

"Although there is little reason to fear that the PRI's Ernesto Zedillo will actually lose, the post-electoral political situation could bring more uncertainty," she said.

Barings believes there is a 70% probability of a PRI (Institutional Revolutionary Party) win, "with 50% for a clean, undisputed victory and 20% for a fraudulent, disputed win." A disputed result "up to mid September," making for a weaker market, would be a buying opportunity.

However, pressure from the leftist Democratic Revolutionary Party (PRD) and the conservative National Action Party (PAN) will oblige Zedillo, if he wins, to seek consensus. Hobday said.

Gold stabilizes after earlier rises

COMMODITIES ROUNDUP

GOLD ended stable on the precious metals markets after continuing to edge higher from the week's open at \$381.0 to a close of \$386.9 for the December contract.

A senior metals analyst was quoted as saying he expects December gold to test resistance at \$390.50 early next week. In general, analysts said the week's close is a positive sign, and it appears gold will continue to rise.

However, further near-term gains are likely to be limited because of strong selling in the cash market and as the market runs against previous resistance levels.

Platinum also edged higher after breaking through recent resistance in Thursday's gold-led rally, closing the week \$0.70 higher at \$417.00 an ounce.

One dealer indicated that the platinum market was being helped along by a buoyant palladium market, amid strong speculative interest and reasonable physical demand.

He added that prices may rise into the upper \$420s if buy stops waiting at \$418 to \$420 are hit.

Along with the other precious metals, silver closed higher, aided by chart-oriented fund buying breaking through resistance at \$5.20 an ounce.

The September contract closed at \$5.215 an ounce, after having reached a high of \$5.240.

It is interesting to note that there was heavy buying of silver out-of-the-money call options, indicating bargain-hunting. Analysts expect the September contract to re-test previous highs of \$5.70 an ounce in the near future.

Copper finished lower on quiet trading, with most traders rolling short positions from the September to the December contract. September copper closed at 108.4 cents per pound.

Coffee ended lower at 178.10 cents per pound in lackluster trading after the recent run-up.

Sugar, on the other hand, closed higher at 12.18 cents per pound on commission house and speculative buying.

Courtesy of CommStock Trading, Ltd.

TEL AVIV STOCKS									
Multi-sided trading					Two-sided trading				
Commercial Banks					Afternoon				
Name	Price	Change	%	Volume	Name	Price	Change	%	Volume
Bank Leumi	248.00	-1.00	-0.4	100	Bank Leumi	248.00	-1.00	-0.4	100
Bank Hapoalim	248.00	-1.00	-0.4	100	Bank Hapoalim	248.00	-1.00	-0.4	100
Bank Mizrahi	248.00	-1.00	-0.4	100	Bank Mizrahi	248.00	-1.00	-0.4	100
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Becker outlasts Rosset in final England's 8-wicket win ties series

Rain delays Canada Open final with Sanchez Vicario leading Graf

NEW HAVEN (AP) — No. 3 seed Boris Becker, on top of his game all week, completed his sweep through the Volvo International yesterday by beating seventh-seeded Marc Rosset 6-3, 7-5 in the final.

Becker didn't drop a set in the tournament on his way to his 41st career title and third year. He also won at Milan in February and at the Los Angeles Open earlier this month. Becker, ranked eighth in the world by the ATP Tour, would have moved up to No. 7 regardless of the outcome. He earned \$152,000 for the victory, which improved his match record on hardcourt to 11-4 this year and 11-1 since Wimbledon.

Rosset had met Becker twice before. Becker won on the hardcourt at

Basel in 1992, and Rosset at Monte Carlo a year later.

Yesterday, Rosset served strong but couldn't overcome Becker's nearly flawless serve and volley game. Rosset, playing in his first hardcourt final, was kept at the baseline by Becker's net game for most of the match, and missed the lines several times with his passing shots.

Becker broke Rosset's service three times, the first coming in the sixth game of the first set when Rosset's backhanded passing shot missed the sideline, giving Becker a 4-2 advantage.

Becker cruised through all of his five tournament matches in straight sets. He beat Roger Smith, No. 13 seed Andrei Chesnokov, No. 11 Ma-

hwal Washington and Michael Stich to get to the final.

Rosset, of Switzerland, advanced to the final by knocking off No. 6 Yevgeny Kafelnikov, 7-6(7-5), 6-3.

In women's action yesterday, play was delayed by rain at the Canada Open final in Montreal. The match was halted in the second set, with Arantxa Sanchez Vicario holding a 7-5, 0-3 lead over Steffi Graf.

Top-seeded Graf had avenged an earlier-season loss and moved into the final on Saturday, beating No. 4 seed Mary Pierce 6-3, 6-4.

Graf lost to Pierce in straight sets in June at the French Open. Sanchez Vicario won her final place by defeating third-seed Kimiko Date of Japan, 2-6, 6-1, 6-2.

LONDON (Reuters) — England captain Mike Atherton's troubled summer finished in champagne style at The Oval yesterday when his side raced to a comprehensive victory over South Africa in the final Test.

The eight-wicket margin left the series tied at 1-1.

Needing a further 97 runs for victory at the start of the fourth day, England maintained the momentum of Saturday by reaching the 204-run target off a further 193 runs.

Atherton could not quite see the job through himself, falling to Allan Donald for 63 after a superb second-wicket stand of 124 with Graeme Hick.

But Hick (81 not out) and Graham Thorpe (15 not out) completed the formalities 18 minutes before lunch — making sure that Devon Malcolm's outstanding nine-wicket haul on Saturday did not go to waste.

While strike bowler Malcolm decimated the South African second innings, his South African

counterpart Donald conceded 96 runs off just 12 overs.

Malcolm was named man of the match and also England's player of the series despite playing in only The Oval match.

Brian McMillan, an impressive performer in all three Tests, won South Africa's player of the series award.

Atherton is expected to be reappointed captain for this winter's Ashes tour before the end of next week despite being fined twice during the current Test series.

He was fined £1,200 and severely reprimanded by match referee Peter Burge for showing dissent after being given out lbw on Friday. That followed a fine of £2,000 following the "dirt in the pocket" affair in the first Test at Lord's when Burge was also the match referee.

Said Atherton: "It has been an expensive series for me — I just seem to be playing for the love of the game and the honor."

"I just hope things calm down a bit now."

For South Africa, a campaign that began so encouragingly with their historic first Test victory at Lord's ended in miserable fashion.

They have now drawn three consecutive series after holding 1-0 leads.

South African captain Kepler Wessels admitted his side had been outplayed by a better team at The Oval.

"Although we have now drawn our last three series after leading 1-0, you have to remember that two of those series have been away from home... drawn series is not a bad result," he said.

"But we do have some deficiencies. We know that we have to encourage our young spinners and we have a problem with playing the same four fast bowlers all the time because they get too tired to do their best."

Apart from losing, the touring team suffered a punitive 70 percent fine for their slow over rate.

"They always told me that you should play the game for love and not money," said a smiling Wessels.

Krasnov set to become Olympic hope

JOEL GORDIN

DANNY Krasnov has taken another giant step towards becoming Israel's greatest-ever track & field athlete.

The 24-year-old Moscow-born pole vaulter lifted his national record by another five centimeters, to 5.75 meters Friday at the Brussel Grand Prix. He finished second behind world record holder Ukrainian Sergei Bubka who cleared 5.95m, but ahead of current European champion Rodian Gatulin of Russia and 1992 Olympic gold medalist Maxim Tarasov.

Krasnov, it will be remembered, reached the finals of the Barcelona Olympics, only the second Israeli athlete (after hurdler/sprinter Esther Roth in 1976) to do so. He finished eighth.

Earlier this month, he reached the finals of the European Championships in Helsinki, placing sixth with a leap of 5.70m. The weekend's performance puts him among the world's top ten, and considering his age and capacity to improve, he stands out as a genuine hope to win a medal at Atlanta in 1996.

Unlike Israel's other top track and field athletes, such as high jumper Itai Margalit and triple jumper Rogel Nahum, Krasnov does not appear to be overshadowed by major events and large crowds. His best jumps have been achieved in the big arenas.

Krasnov is the one, big success story among the host of Russian ath-

letes who came here during the past five years. Some, like shotputter Igor Avronim, were mistakenly labeled "Olympic medal hopes," even though they were hopelessly past their prime. Others, like javelin thrower Vadim Bavkin and hurdler Alexei Bazarov, in their desperation to succeed, became involved in drug scandals.

Krasnov, who came here three years ago, has breathed new life into a sport which had been in the doldrums. The absence of vaulters of any reasonable standard is borne out by the results: Carlo Rafelli's record — a meager 4.40m — stood since 1978 until Russian immigrant Vadim Albershtein cleared 4.45m on the day Krasnov arrived in Israel May, 1991.

Krasnov, a former Russian youth champion who reached 5.61m in the Moscow Open Championships in 1991, settled in the Capital and joined Hapoel Jerusalem. After the inevitable complaints by the club that they "had no money to keep him," arrangements were made that he would travel to Tel Aviv to train at Hadar Yosef under coach Arye Rosenhaner, also a Russian immigrant.

Financial problems still haunt Krasnov and Rosenhaner, however. Only last week, there were reports that the coach would be forced to resign because the Israel Athletics Federation is not keeping its promise to pay him. Krasnov himself has



UP, UP AND AWAY — Pole vaulter Danny Krasnov brightens Israel's track and field future.

drifted to a caravan camp and claims he must "beg for every agora from the IAF." Nevertheless, if the prob-

Hurricanes blow into town

JERRY MITTLEMAN

AFTER three games of his team's six-game tour here, coach Leonard Hamilton of the University of Miami Hurricanes basketball team is already impressed with Israeli basketball.

"The level here compares with the very top college programs I've seen in the States. A team like Maccabi Tel Aviv could compete against an NBA team. Maybe not on a nightly basis, but certainly on a given evening."

Hamilton and his Miami team are no strangers to tough competition. The Hurricanes, who dropped their first 3 meetings here, play in the Big East Conference, one of college basketball's premier leagues.

"The teams here seem to be extremely well coached," said Hamilton. "The players are highly skilled and good outside shooters."

According to NCAA rules, each college program is allowed one foreign tour every four years, so this is literally a once-in-a-lifetime experience for Hamilton's young players. Israel came highly recommended by Georgetown coach John Thompson who brought his team on tour here last year.

"We were interested in having our players experience the historical sights here," said Hamilton. "From a basketball standpoint, we knew the Israeli league would be a challenge."

The Hurricanes entered the Big East Conference in 1991. At the time, the school's heralded football team was looking to affiliate itself with a college conference. On the other hand, the basketball program, which had been dropped from 1971-85 due to poor fan support, was forced to enter the high-powered Big East basketball program, as a weak sister.

Coach Hamilton was brought in to upgrade Miami's program and bring it up to Big East standards. Hamilton had the reputation of being a successful recruiter and developer of talent. As an assistant at Kentucky, he recruited 23 players who would be eventually selected in the NBA draft. As a head coach at Oklahoma State, he recruited and developed future NBA stars like John Starks of the New York Knicks and Rickie Dumas.

At Miami, Hamilton succeeded in recruiting widely sought-after players like forward Steve Edwards and



GALE FORCE — University of Miami forward Steve Edwards.

guard Steve Frazier, as well as having one of the top 20 recruiting classes in the "country" each of the last three years.

During the 1992-93 season, Miami finished with a respectable 7-11 record in Big East Conference play. Last season, they went winless in part due to numerous physical problems, in particular injuries that forced Edwards and Frazier to undergo surgery. Hamilton has been using the tour of Israel to give some of his less experienced players more playing time and to allow his injured stars to gradually work themselves back into shape.

Edwards, a junior, was the team's high scorer two years ago before his injury. He comes from a basketball

family. His older brother Doug was an All-American at Wichita State and was drafted by the Chicago Bulls in 1990. A younger brother, Allan, was a widely recruited high school star.

Their 7-foot-3 center Constantine Papa, is high on NBA scouts' lists of center prospects for the '95 draft. He's hoping to join Washington's 7-foot-7 George Murren as the only Romanians in the NBA.

Miami is considered one of the teams of the future in the Big East. For their prospects this year, "I'm just wishing for health," said Hamilton. "If we stay healthy then we'll be alright."

Overton on course for second gold

VICTORIA (Reuters) — Australia's Eli Overton, emerging from the shadow of her better-known teammates, looked set to earn a second gold at the Commonwealth Games yesterday after finishing fastest in the 100 meters backstroke heats.

Overton, who has so often taken second place to Hayley Lewis or Nicole Stevenson, clocked one minute 35.2 seconds at the Seaside Commonwealth Place pool, just ahead of Katherine Osher of England.

The 20-year-old from New South Wales won the 400m medley gold on Friday, eclipsing Lewis who won five golds in Auckland.

Marianne Kriel, looking for a first pool medal for South Africa who have returned to the Games after a 36-year absence, was third fastest in 1:03.97.

Lewis also took to the water again yesterday and finished second fastest in the 400 freestyle heats. Canada's Nikki Dryden delighted the crowd by clocking 4:13.72 to boost hopes of a first swimming gold for the home country.

England's comeback queen Sarah Hardcastle, who won the event in Edinburgh eight years ago in a Games record time before retiring from the sport, looked relaxed as she cruised to easy victory in the first heat in a time of 4:15.64.



Susie Maroney, a 19-year-old Australian student, won the 13th Annual Manhattan Island Marathon Swim on Saturday. It was the second time that she won the 45.6-kilometer (28.5-mile) race around the island of Manhattan. Maroney, who won in 7 hours, 8 minutes and 10 seconds, also won in 1991. The race began and ended near Battery Park in lower Manhattan, and covered the East, Harlem and Hudson rivers. Some 19 swimmers from eight countries were signed up.

Cole, Beardsley lift Newcastle

LONDON (Reuters) — Andy Cole and Peter Beardsley were quickly back in their form of last season as Newcastle began its Premier League campaign with a 3-1 away defeat of newly-promoted Leicester yesterday.

The pair, who grabbed 65 goals between them as the club finished third in May, each opened their account for the new season with emphatic finishes to hand the playoff winners a lesson in the harsh realities of life in the top flight.

But the delight of Newcastle boss Kevin Keegan was cut short by the late sending off of keeper Pavel Srnicek for bringing down Julian Joachim in full flight. Two early thrusts by the live-wire Joachim, both spoiled by weak final efforts, boded well for Leicester, but as Newcastle settled in their task, they assumed control.

Belgian central defender Philippe Albert, poised and controlled at the back, was a threat every time he moved forward and came close with a fierce 30-yard volley. From the resulting corner, Albert outjumped the home defense, Cole's acrobatic overhead effort just clearing the bar.

Leicester had no answer to the ever-buzzing Beardsley, who created an opening for Albert three minutes into the second period. But the Belgian earned the displeasure of the crowd and a yellow card from the referee for the most obvious of dives.

In the 51st minute, the Beardsley-Cole double act struck. Scott Sellars advanced to the edge of the box and fed Beardsley in space on the left. One look was enough, and when Beardsley's low cross was enough to give Cole the simplest of touches into the net.

Seven minutes later, Beardsley did the job himself, turning into space before firing home from 15 yards. And 16 minutes from time, Newcastle went further ahead. Ruel Fox pounced on a loose ball and passed to substitute Robbie Elliott in acres of space to turn home.

Five minutes from time, Srnicek received his marching orders, and substitute keeper Mike Hooper, the third change Newcastle had made, was beaten in injury time, Joachim turning home the rebound after the keeper spilled Steve Agnew's shot.

NFL exhibition standings

AMERICAN CONFERENCE

	W	L	T	Pct.	Pt.	Pt.
Indianapolis	3	0	0	1.000	3	44
New England	3	0	0	1.000	3	38
Miami	2	1	0	.667	2	35
Buffalo	2	1	0	.667	2	34
N.Y. Jets	2	1	0	.667	2	30
Cleveland	2	1	0	.667	2	28
Houston	2	1	0	.667	2	28
Pittsburgh	1	2	0	.333	1	37
Cincinnati	1	2	0	.333	1	44
LA Raiders	1	2	0	.333	1	44
Kansas City	1	2	0	.333	1	44
Seattle	1	2	0	.333	1	44
Denver	1	2	0	.333	1	44
San Diego	1	2	0	.333	1	44

THURSDAY'S RESULTS:

New England 27, Washington 17
San Francisco 30, San Diego 24

FRIDAY'S RESULTS:

Detroit 24, Arizona 16
Cleveland 28, Atlanta 7
Green Bay 13, New Orleans 10

SATURDAY'S RESULTS:

Indianapolis 17, Cincinnati 14
Seattle 30, Minnesota 19
Kansas City 28, Miami 14
Philadelphia 17, Cincinnati 7
N.Y. Jets 13, N.Y. Giants 10
Buffalo 18, Houston 16
LA Raiders 29, LA Rams 20

NATIONAL CONFERENCE

	W	L	T	Pct.	Pt.	Pt.
Arizona	1	2	0	.333	1	47
Dallas	1	2	0	.333	1	42
Pittsburgh	1	2	0	.333	1	47
N.Y. Giants	1	2	0	.333	1	47
Washington	1	2	0	.333	1	47
Chicago	2	1	0	.667	2	45
Denver	2	1	0	.667	2	45
Green Bay	2	1	0	.667	2	45
Tampa Bay	2	1	0	.667	2	45
Minnesota	2	1	0	.667	2	45
San Francisco	2	1	0	.667	2	44
Atlanta	2	1	0	.667	2	44
LA Rams	2	1	0	.667	2	44
New Orleans	2	1	0	.667	2	44

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The Management of the Advertising Department

Histadrut may put Bloomfield Stadium on lien

MICHAEL YUDELMAN

THE Histadrut intends to put its flagship, Bloomfield Stadium, on lien in exchange for bank loans to pay salaries and reinstate its financial balance, it was learned yesterday.

Histadrut Treasurer Haim Oron asked the executive's approval to put a list of some 16 real estate assets, including mortmain properties (inalienable goods) identified with the federation and Labor movement for generations.

These include Bloomfield, one of the country's best sports stadiums, the Labor Movement's archives in the Lavon Institute and labor council buildings in Ofakim, Ashkelon, Tiberias, Ness Ziona, Jerusalem and other cities.

When Chairman Haim Ramon was elected, he announced he would sell the Histadrut's assets to pay off its debts. But most of the real estate was already on lien to banks and could not be touched.

The properties on Oron's list are in addition to those already signed over to the banks.

Senior Histadrut sources expressed support for Oron's decision, but noted that should the Histadrut fail to repay its debts, then these assets—estimated at some NIS 15 million—will fall into the creditors' hands.

Acting Histadrut Chairman MK Amir Peretz, who is filling Ramon's place while the latter is on holiday, reported to the executive committee about his meeting earlier yesterday

with the Histadrut headquarters workers' staff, to discuss a voluntary retirement program.

Hundreds of workers are to be fired immediately after the holidays and hundreds more during the year, reaching more than 1,000.

The workers' staff chairman, Bracha Siegelman, said that instead of discussing cutbacks with the workers' representatives, as had been agreed, Peretz presented the management's plans for dismissals.

He offered 200% severance fees for workers with over 20 years' seniority, including their pension funds.

Siegelman noted that while Ramon and Peretz want to fire the workers, claiming financial cutbacks, they intend to hire new ones in their stead on personal contracts, even though it has not been proved that personal contracts would cost the Histadrut any less.

How would the Histadrut be able to fight for organized labor and against personal contracts in private places of employment, when its own management is encouraging personal contracts, she asked.

The workers' committee has called an emergency meeting for tomorrow to plan its battle against the new leadership's plans. The workers' committee intends to declare a labor dispute leading to a general strike, for the first time in the Histadrut's history.



Civil Guard volunteer Yitzhak Ben-Lulu receives a certificate of appreciation from Jerusalem police chief Arye Amit, Police Minister Moshe Shahal and Inspector-General Assaf Hefetz for his efforts in apprehending the terrorists who planned an attack in the capital earlier this month. (Brian Hendler)

IDF soldier wounded in border attack

DAVID RUDGE

AN IDF soldier was lightly wounded when a mortar round hit an IDF stronghold on the border between Israel and Lebanon.

It was not clear last night whether the shooting, including the firing of several Katyusha rockets, was in response to the accidental shelling by South Lebanese Army gunners of Arab Salim village, north of the zone, on Saturday.

A resident of the village, reported to be a member of the Amal Shi'ite movement, was killed in the erroneous SLA mortar shelling and three women were wounded.

The IDF is investigating the incident, which violated the Operation Accountability understandings under

which Israel guaranteed not to shell Lebanese villages, in return for Hizbullah's pledge not to fire Katyusha rockets at the Galilee.

UNIFIL sources said that around 10 mortar rounds were fired from north of the zone yesterday and about five Katyusha rockets.

Military sources said an IDF soldier was lightly wounded in a mortar attack yesterday on an IDF outpost along the northern border and that IDF gunners had returned fire.

The wounded soldier was brought by helicopter to the Nahariya government hospital, where he was reported to be suffering from shrapnel wounds

in his hip and back.

A news agency report said the mortar round fell just inside Israeli territory.

There were also exchanges later in the afternoon in the Aishiyeh region after gunmen fired several mortar rounds at an IDF position there. There were no casualties among the IDF troops on that occasion and IDF gunners returned fire.

News agencies also reported IDF and SLA shelling of suspected terrorist targets in the Jab'el Rafiah and Arab Salim regions, north of the zone in the eastern sector, as well as in the area of Kafra and Yatar villages,

north of the zone, in the western sector yesterday morning.

In an unrelated incident, Lebanese radio stations reported that Hizbullah activists had infiltrated deep into the zone yesterday, near Bourghouz village, north of Marjayoun.

According to the reports, they hijacked three men working on a new road construction project in the area and tied them up. The Hizbullah men reportedly said that the incident was a warning and that anybody who used the road in the future would be killed.

The reports said that it took the workers several hours before they were able to free themselves and inform the authorities in the area of the incident.

Study: 30% of soldiers carry 80% of combat reserve burden

ALON PINKAS

EIGHTY percent of the combat reserve service burden falls on 30% of the reservists, while 50% of all reservists are not being summoned at all, according to a study conducted at the request of Labor MK Ra'anan Cohen.

Cohen, a member of the Knesset Foreign Affairs and Defense Committee, proposes to change the unequal reserve service duties through a plan he submitted yesterday to Prime Minister and Defense Minister Yitzhak Rabin, Finance Minister Avraham Shohat, Chief of Staff Lt.-Gen. Ehud Barak and MK Ori Orr, chairman of the committee.

The 26-page proposal highlights a five-point plan to redistribute the reserve burden, with the aim to reduce service for combat soldiers sum-

moned to 30-45 days a year. The plan calls for giving the IDF responsibility for the reserve budget and payments system, enlarging the reservoir of combat soldiers, establishing standing army units to compensate for the future shortening of compulsory service, exempting combat reserve soldiers over the age of 35 from "routine security" tasks, and financially rewarding combat soldiers for any service longer than 21 days.

Accepting and implementing the plan, says Cohen, will not only equalize reserve service burden, but save the IDF over NIS 500 million.

Army sources said in response that the IDF will study the plan thoroughly, but that it is the defense minister who will have to review its feasibility and viability.

Teachers threatening to strike

IN what has become something of an annual ritual, the country's teachers are threatening to strike when the school year starts on September 1.

Representatives of the Treasury, the Education Ministry and the two teachers' unions were meeting late last night at Beit Histadrut Hamorim in Tel Aviv to discuss disagreements over the pact signed with the teachers in May 1993.

"The teachers are demanding all the benefits given to the engineers' union and won't settle for less," union spokesperson Kimmer Katz said.

"Everything was fixed and sealed and now they want to open it up again," Education Ministry spokesperson Rivka Shraga said, noting the teachers had been given a 25% wage increase over three years.

Batsheva Tsor

Rabin cancels meeting with Meretz ministers

MICHAEL YUDELMAN

PRIME Minister Rabin yesterday canceled today's scheduled meeting with Meretz's ministers to discuss the terms of Shas's return to the coalition.

No reason was given for the cancellation, but Meretz sources speculated that it could be because Environment Minister Yossi Sarid could not attend the meeting.

The meeting had first been scheduled for last Friday, but was postponed at Communications Minister Shulamit Aloni's request, because Sarid and Education Minister Amnon Rubinstein could not attend due to prior commitments.

Shas last week rejected Aloni's compromise proposal to cancel the commitment to preserve the religious status quo through legislation, with Labor instead making a commitment to preserve the status quo.

Aloni suggested establishing a committee, headed by Justice Minister David Liba'i and ministers of legal expertise, to check whether legislation is justifiable if any coalition partner claims that the status quo has been violated.

According to Aloni's proposal, Rabin would be the one to determine whether such legislation would be prepared or not, and the sides will

accept his decision. Aloni reiterated at her meeting with Rabin last week that Meretz could not accept Shas's condition to implement religious legislation every time Shas felt that the religious status quo was violated, saying this would turn Israel into a halachic state.

Shas has demanded that status quo legislation be given the same standing of the basic laws, which are even above the Supreme Court.

Last week, Shas presented Rabin with an ultimatum: unless the coalition agreement is implemented by next week, Shas will join the opposition and fight with the Likud to advance the date of the next Knesset elections.

Sarid last week expressed his full support in Aloni's proposal and Meretz's joint stand against Shas's demand. Sarid is due to leave for a few days' vacation this morning and would not cancel his trip to attend the meeting with Rabin, saying that Aloni has his backing and confidence, and could run it herself.

But Meretz sources speculated that Rabin prefers that Sarid be present at the meeting, since he is considered to be more flexible about giving in to Shas "for the sake of the peace process."

Islamic movement calls for 'Jerusalem First' approach to peace talks

DAVID RUDGE

THE Israeli Arab Islamic Movement is urging a "Jerusalem First" approach in the peace talks.

The call was made during a mass rally attended by thousands of the movement's supporters in Kafr Kana, near Nazareth, on Saturday night.

Sheikh Abdallah Nimr Darweesh, spiritual head of the fundamentalist Islamic Movement, said the issue of Jerusalem should be put at the top of the agenda in the peace negotiations. He told an Israel Radio reporter that putting Jerusalem first meant putting peace first, because Jerusalem had in the past been the cause of many wars and on the other hand had also been a center of stability.

Darweesh said the Jerusalem issue was the key ensuring peace and security if it was resolved, while failure to

do so could result in the breakdown of the talks or worse.

"The Islamic Movement wants stability in the Middle East," said Darweesh. "We want peace and therefore we bring this slogan of Jerusalem first before anything else."

He maintained in the short interview that anybody who tried to "swallow all of Jerusalem" and make it the capital of one state or another would be making a grave mistake.

Leaders of the movement also called on Hamas to cooperate with the PLO to try and ensure progress in the peace process.

The rally, which lasted for several hours, was organized by the movement to mark the birthday of the Prophet Mohammed.

Arab-American group denounces Latin American embassy moves to capital

AMMAN (AP) — A US-based pro-Arab lobbying group yesterday denounced a reported decision by three Latin American countries to move their embassies in Israel to Jerusalem.

The Washington-based American Arab Anti-Discrimination Group called for an urgent UN Security Council meeting on the issue and recommended that it impose sanctions on Bolivia, Paraguay and the Dominican Republic if they go ahead with the move.

Israel's Foreign Ministry on August 15 announced that the three nations would move to the Jerusalem area as a tradeoff for keeping Israeli embassies in their countries.

Israel had said it would close its

diplomatic missions in those countries for budgetary reasons. But Foreign Ministry spokeswoman Behira Berduga said Israel would not close embassies in countries that move their diplomatic missions to Jerusalem.

In its statement, the American Arab Anti-Discrimination Group, which has an office in Jordan, called on Bolivia, Paraguay and the Dominican Republic "not to yield to the Israeli blackmail."

"The ADC warns that moving the embassies to Jerusalem would only add complications to a very sensitive issue and jeopardize the entire peace process," said the statement sent by telefax to The Associated Press.

US Navy worried over sale of advanced subs to Egypt

Jerusalem Post Correspondent

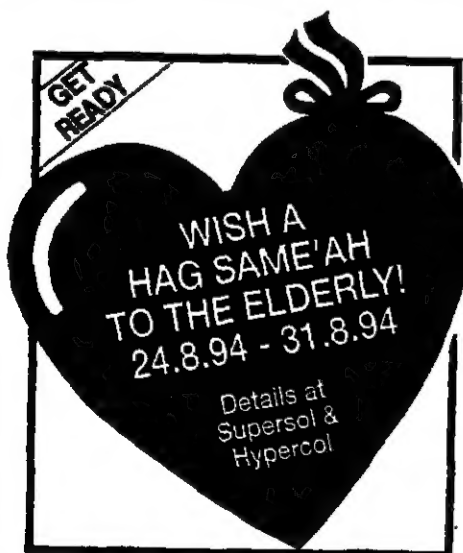
THE US Navy is concerned over the decision to sell two advanced submarines to Egypt, fearing the craft could be eventually passed to hostile third countries.

The deal for the construction of the two submarines at a Mississippi shipyard has been approved by the State Department.

The concern is not aimed necessarily at Egypt, but reflects general fears concerning the possible future use of

the submarines, which are quiet and have strong firepower. In particular, the navy fears the subs will be used by regimes facing US Navy blockades, such as those being carried out now against Haiti and Iraq.

Egypt argued to the State Department that as a friendly country protecting the Suez Canal, they need a modern substitute for the old Soviet vessels they now use.



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